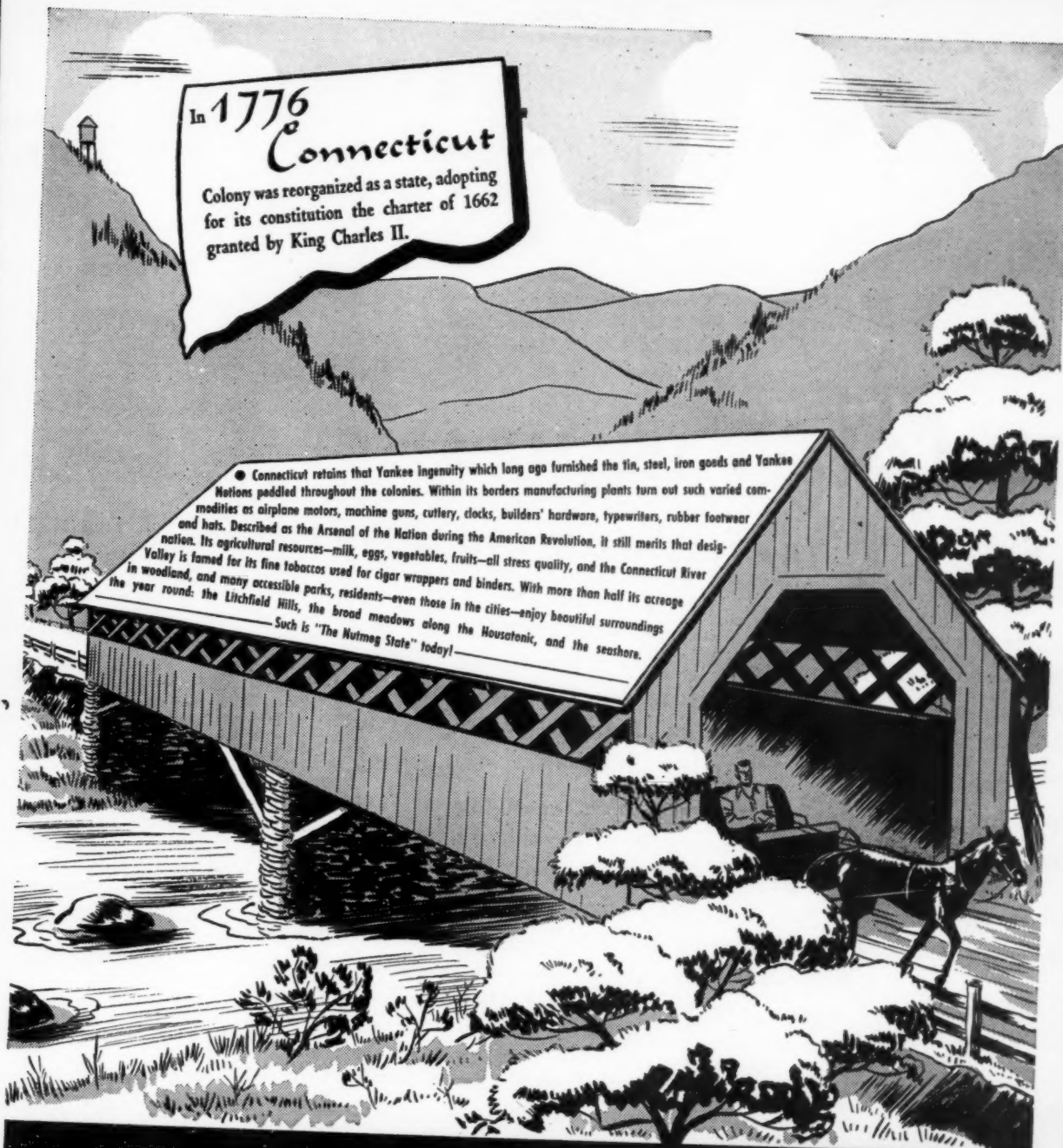


# The NATIONAL UNDERWRITER





**CRUM & FORSTER**  
 MANAGERS



**110 WILLIAM STREET • NEW YORK, N. Y.**

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| United States Fire Insurance Co.<br>The North River Insurance Co.<br>Westchester Fire Insurance Co.<br>The Allegheny Fire Insurance Co. of Pittsburgh | Organized 1824<br>Organized 1822<br>Organized 1837<br>Organized 1868 | Richmond Insurance Co.<br>Western Assurance Co., U. S. Branch<br>British America Assurance Co., U. S. Branch<br>Southern Fire Insurance Co., Durham, N. C. | Organized 1836<br>Incorporated 1851<br>Incorporated 1833<br>Incorporated 1923 |
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**THURSDAY, DECEMBER 20, 1945**



# Ocean Cargo INSURANCE

## TRAVELS WITH THE SHIPMENT

When import or export shipments are made between interior points of the United States and foreign destinations, or other points in this country, many modes of transportation are employed. They may start out by truck or train and be delivered by oxen or camels, but wherever and however they go the constant protection of Ocean Cargo Insurance travels with them.

What does this mean to you—an insurance agent? Just this—if your business is in a place where such shipments originate or terminate it is good business for you to solicit the Ocean Cargo Insurance. When you can say that the insurance carrier through which you place the business is an international marine insurance underwriter with world-wide loss settlement facilities and that all phases of the business are handled by marine insurance experts, you have a powerful selling point for yourself and the Marine Office.

As post-war commerce grows the volume of Ocean Cargo will increase proportionately.

Get your share of this lucrative business by lining up with the Marine Office of America now.

A line to the nearest office will bring you full details.

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EASTERN DEPARTMENT  
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WESTERN DEPARTMENT  
Insurance Exchange Bldg., Chicago 4, Ill.

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Canal Building, New Orleans 12, La.

PACIFIC DEPARTMENT  
340 Pine Street, San Francisco 4, Cal.

NORTHWESTERN DEPARTMENT  
Colman Building, Seattle 4, Wash.

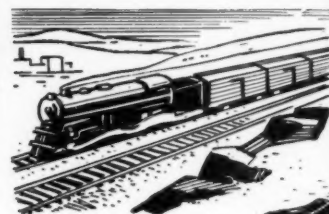


# MARINE OFFICE of AMERICA

ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE



TRUCK TO STATION



TRAIN TO PORT



LIGHTER TO SHIP

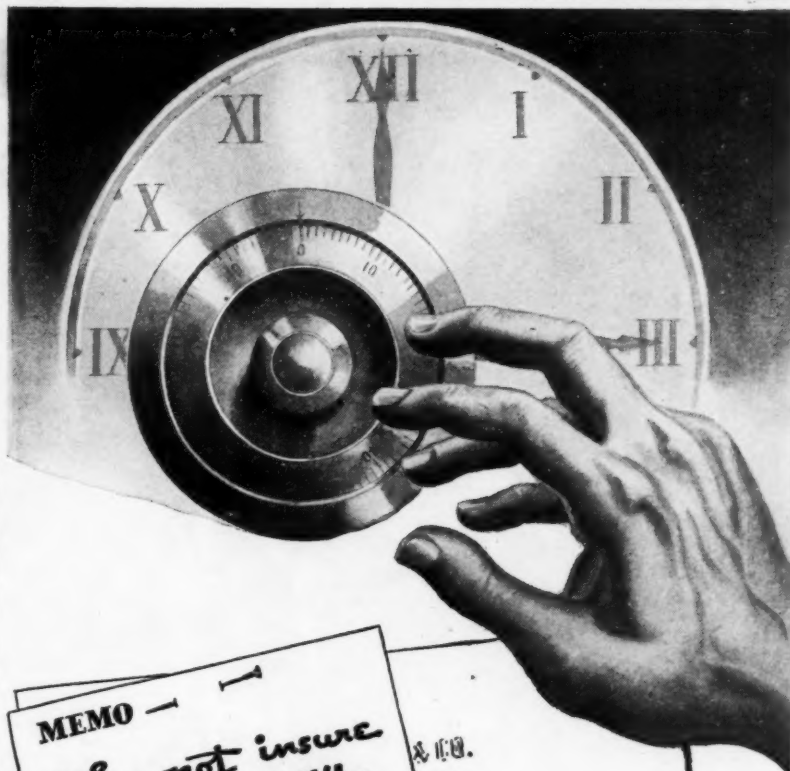


ON THE HIGH SEAS



ARRIVES AT PORT  
and continues by various means of transportation to destination.





MEMO —

*Why not insure  
in a company  
like this? —*

Fidelity & Casualty Co  
80 Maiden Lane  
New York 8, N. Y.

Gentlemen:

I am writing you a letter of appreciation of what seems to me the very remarkable cooperation of your company in payment of \$885.00 in connection with the burglary of our safe. Payment was made within six hours of the discovery of the theft.

Your representative, by his efficiency and intelligence, cooperated with us to the fullest extent in fulfilling the coverage of our policy in The Fidelity & Casualty Company of N. Y.

*from a letter in our claim files*

Ask your agent or broker about  
Fidelity & Casualty Company  
"ALL RISK" Coverage

## THE FIDELITY and CASUALTY COMPANY

OF NEW YORK

A Member Company of

THE AMERICA FIRE INSURANCE AND INDEMNITY GROUP

BERNARD M. CULVER  
President

which includes the following companies

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THE CONTINENTAL INSURANCE CO. • FIDELITY-PHENIX FIRE INSURANCE CO. • NIAGARA FIRE INSURANCE CO.  
MARYLAND INSURANCE CO. • AMERICAN EAGLE FIRE INSURANCE CO. • FIRST AMERICAN FIRE INSURANCE CO.

**The Proof of the Pudding**  
is in this advertisement appearing in current issues of national magazines.

For related advertising to use locally write to the Advertising Dept., 80 Maiden Lane, New York 8, N. Y.



REPRODUCED BELOW IS A SCENE FROM THE SPECTACLE, "FIGHTING THE FLAMES", PRODUCED ABOUT 1900 AT DREAMLAND, CONEY ISLAND.



# "Fighting the Flames"

*An American Tragedy*  *In One Careless Act*

## CAST OF CHARACTERS:

**FIRE CHIEF**  
**COMMENTATOR**  
**CARELESSNESS**

**FIRE CHIEF:** We are losing ground—fire is gaining! Every year, it seems, there are more fires and worse fires—more lives lost and greater property damage. Something has to be done!

**COMMENTATOR:** You're right—fire is gaining. In the year ending June 30, 1945, \$442,877,000 fire damage was reported. That's 10% over the preceding year and 33% increase over the losses two years ago.

**FIRE CHIEF:** Carelessness is at the root of this—that's the menace we must face.

**CARELESSNESS:** Yes, and *what* a menace! The flick of a lighted cigarette, a pile of oily waste—and there I am starting another fire. I'm everywhere and wherever I am, I work. That's why I, Carelessness, am the chief cause of fires!

**COMMENTATOR:** True, true — Carelessness is far and away the biggest known cause of fires. Figures show that this menace alone accounts for almost all serious fires.

**FIRE CHIEF:** But Carelessness can be fought and licked!

**COMMENTATOR:** Yes, but only through constant effort. For when people are reminded to be careful, fires fall off. That's our job!

(Curtain)



Epilogue:

**THE HOME INSURANCE COMPANY:**

The best time to fight a fire is before it starts — join the campaign against Carelessness!

(Asbestos)

☆ **THE HOME** ☆  
*Insurance Company*  
NEW YORK  
FIRE • AUTOMOBILE • MARINE

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## All-Industry Group Casts Die for Subsequent KO

### Industry Officially Takes Position Contrary to Commissioners' Stand

The insurance all-industry committee at its most recent three-day session in Chicago, cast the die in favor of the principle of filing subject to subsequent disapproval in fire and casualty rating legislation, as opposed to the prior approval procedure. Thus the industry officially goes on record in opposition to the official position of the National Association of Insurance Commissioners which is for prior approval.

In the industry organization, American Mutual Alliance has been the staunchest advocate of prior approval. The stock fire and casualty people and the National Association of Independent Insurers have been firm in pleading for filing subject to subsequent disapproval.

At the Chicago meeting the all-industry committee had before it four rate regulatory bills to be offered to those state legislatures that meet in 1946. These proposed measures were drafted and submitted by the subcommittee on the Sherman act. Two of the bills cover the regulation of rates for fire lines and two for casualty-surety. In each field the subcommittee submitted one bill of the prior approval type and one bill carrying the subsequent disapproval provision. When it came to a vote, the committee adopted the subsequent disapproval type.

The National Association of Mutual Insurance Agents, represented by Phillip Baldwin of Washington, announced its intention to file a dissenting report.

The fire bills differ somewhat from the casualty measures because of the necessity of recognizing inherent differences and all four bills differ in four or five major aspects from the proposals adopted by the N.A.I.C. at Grand Rapids.

It was voted to appoint a subcommittee of four to endeavor, prior to the January meeting, to reach full agreement on a single type of bill for fire and one for casualty lines and this committee was also given the responsibility of further considering the differences of opinion with respect to the treatment of automobile rates and other coverages which overlap both the fire and casualty fields. National Board, American Mutual Alliance, Association of Casualty & Surety Executives and National Association of Independent Insurers were selected as members of this subcommittee, with National Board serving as chairman.

A subcommittee of five was appointed to confer with the committee on federal legislation and the committee on rates and rating organizations of N.A.I.C.

#### SEEKS AID OF LIFE GROUP

WASHINGTON — Philip Baldwin, secretary National Association of Mutual Insurance Agents, expresses the hope that life interests will join N.A.M. I.A. in voting, at the New York meeting of the all industry committee, in January, for reconsideration of the Chicago action, so that the prior approval rating bills may be endorsed.

## Fire Loss Soars Over \$400 Million Mark in November

NEW YORK — Fire losses in the United States totaled \$37,393,000 in November, an increase of \$2,923,000 or 8% over October, 1945, and 10% higher than November, 1944, according to National Board estimates. This was the highest November fire loss in 15 years. The 11 month total of \$405,851,000 is 8.3% higher than the corresponding figure for 1944 and far exceeds the annual fire loss figure for the previous nine years. The December fire loss was \$47,716,000 in 1943 and \$48,694,000 in 1944, so unless considerable improvement is shown this month, the total for the year will be over \$450,000,000.

Losses in the 12 months ended with Nov. 30, are estimated at \$454,545,000 as compared with \$422,560,000 for the year ended Nov., 1944.

|       | 1943          | 1944          | 1945          |
|-------|---------------|---------------|---------------|
| Jan.  | \$ 27,733,000 | \$ 38,572,000 | \$ 44,865,000 |
| Feb.  | 33,175,000    | 38,280,000    | 41,457,000    |
| March | 39,214,000    | 39,084,000    | 40,876,000    |
| April | 34,241,000    | 34,746,000    | 37,950,000    |
| May   | 29,297,000    | 32,815,000    | 34,153,000    |
| June  | 26,854,000    | 30,555,000    | 34,090,000    |
| July  | 25,016,000    | 32,706,000    | 34,054,000    |
| Aug.  | 29,193,000    | 30,618,000    | 34,096,000    |
| Sept. | 26,488,000    | 31,448,000    | 32,447,000    |
| Oct.  | 29,661,000    | 32,173,000    | 34,470,000    |
| Nov.  | 31,647,000    | 33,847,000    | 37,393,000    |

Tot. \$332,519,000 \$374,844,000 \$405,851,000

### Moser's Xmas Poesy Touches Sublime Subject

Henry S. Moser of the Chicago law firm of Sonnenschein, Berkson, Lautmann, Levinson & Morse, who is general counsel for the Allstate companies of Chicago, is president of the National Association of Independent Insurers and is the retiring chairman of the insurance section of the American Bar Association, each year recently has sent out a card containing a verse touching upon some current insurance topic or situation.

This year he comes through with a poem on the great question of the hour which is whether fire and casualty rating legislation should embody the principle of prior approval or filing subject to disapproval. Here it is:

To file, or to approve: that is the question!  
Whether 'tis nobler in the mind of O'Mahoney  
To subject rates to outrageous fortune—  
To prior approval and a sea of trouble,  
Or to filing, and a veto. To file! To use!  
At once! By mere filing perhaps to end  
The heart-ache, and the thousand natural shocks  
That rates are heir to, 'tis a consummation  
Devoutly to be wish'd. To file; to approve;  
To approve? Perchance to approve: ay,  
there's the rub;  
For who could bear the whips and scorns of time  
That may ensue during a commissioner's deliberation?  
To file and to approve! Oh subject not  
to the industry  
To grunt and sweat under such a weary life.  
For oh the dread of filing and approval  
And cumbersome procedure, from whose bourn  
Filings may ne'er return, puzzles the will,  
And suggests we better bear the ills we have  
Than fly to others that we know not of.  
Thus conscience does make cowards of us all  
And thus the native hue of resolution  
Is sicklied o'er with the pale cast of thought,  
And insurance enterprises of such great moment  
With this regard, their current turn  
Away  
And lose the name of action. Soft you now!  
'Tis Christmas season—Oh may the New Year  
Somehow resolve your difficulties.

each and those still on military leave and in service also will receive \$50 each.

## Put End to B. D. O.; Mays Takes Post with I. E. A.

NEW YORK — Formal announcement is made that the Business Development Office is being discontinued as a separate entity and that certain of its activities will be merged with the other activities of Insurance Executives Association.



Milton W. Mays

Milton W. Mays, director of B.D.O., will continue with the Insurance Executives Association as an assistant to the president in the sphere of research and agency relations.

The announcement was made jointly by I.E.A. and National Association of Insurance Agents.

The two organizations, according to the statement, for some time have considered how to bring about a better exchange and coordination of views in the fire insurance field on a nationwide basis. It was stated that the I.E.A. welcomes an approach by the N.A.I.A. which will place the two organizations on an equal plane and yet preserve the independence of each.

Heretofore the B.D.O. has to some measure provided the desired relationship, "but its activities have fallen short of offering all of that which is earnestly desired."

Committees of the two organizations have been conferring as to means of carrying on a broader and more effective liaison. They concluded that for the most part the aim and interests of the two groups can best be served by the concurrent exchange of views between officers and staffs of the two organizations and by conferences between committees.

I.E.A. wishes to make accessible its staff and its members and without existing limitation of subject matter.

## Cold Wave Brings Fire Loss Increase

The cold wave has brought about a fire hazard and a resulting increase in fires to the extent that it has been termed the "usual epidemic."

Outside of a heavy recent increase in small fires, several losses ranging over \$100,000 have been reported in the past four days, including an estimated \$250,000 loss in Springfield, Mo., where a fire of undetermined origin swept through nine business establishments.

In Cairo, Ill., the junior high school at 25th and Walnut streets suffered a \$110,000 loss. The trustees of schools and board of education had \$800,000 cover on the school property.

#### East Chicago and Clinton, Ill.

Loss of \$100,000 resulted in the burning of the Calumet building in East Chicago, Ind., which destroyed doctors and dentists offices. Stores on the first floor also burned.

A \$150,000 loss was reported in Clinton, Ill., when a fire spread through the business district.

#### Tells Town Rating Method

LOS ANGELES — Howard Swift, grading engineer for the Pacific Board, talked to the Los Angeles Insurance Forum on methods of establishing rating levels and grades under the National Board rating schedule.

## Insurance Bar Group Scans Trends of Hour

### Valuable Discussion Presented on Questions Relating to Public Law 15

#### NEW OFFICERS ELECTED

Chairman—V. J. Skutt, Mutual Benefit Health & Accident and United Benefit Life.

First Vice-chairman—Harry La Brun, Philadelphia.

Second vice-chairman—Thomas Waters, National Board of Fire Underwriters, New York.

Secretary—John F. Handy, Massachusetts Mutual Life (reelected).

Council—Henry S. Moser, Chicago, retiring chairman (ex-officio); Thomas N. Bartlett, Maryland Casualty, Baltimore; Henry W. Nichols, New York; Ralph H. Kastner, American Life Convention; Oliver H. Miller, Des Moines, H. D. Combs, U. S. F. & G., Baltimore; J. W. Henderson, Philadelphia; E. W. Sawyer, National Association of Insurance Brokers; F. J. Marryott, Liberty Mutual, Boston.

#### By GEORGE E. WOHLGEMUTH

CINCINNATI—While the meaning and effects of Public Law 15 on insurance necessarily was the major topic of discussion at the annual meeting of the insurance section of the American Bar Association, Henry S. Moser, Chicago, chairman, arranged an informative program covering current legal developments in the business.

The keynote of the meeting was perhaps sounded by Frank E. Spain, vice-



Henry S. Moser



V. J. Skutt

president and general counsel of Liberty National Life, Birmingham, former chairman, in his response to the welcome of John A. Lloyd, vice-president of Union Central, when he said that while many had regretted letting go the bulwark of stare decisis in the trend of recent court decisions, law should be a progressive force and should not be too concerned with precedent in responding to the needs of a fast changing world.

Mr. Moser said that the insurance section was the largest of the bar association, having 3,248 members out of a total of some 18,000. The net gain for the section during the year was 146. Membership activities were in the hands of Grover Middlebrooks, chairman, Atlanta. There are 288 members in military service.

The high responsibility of the legal profession in bringing a restoration of law and reason to a weary and saddened

(CONTINUED ON PAGE 21)

## Diemand, Guertin, Cover, Stone on Teachers' Program

**Dressel Dinner Speaker at Cleveland, Kulp Slated for President**

The American Association of University Teachers of Insurance has arranged a full program for its annual meeting at the Hollenden hotel in Cleveland, Jan. 15, the first meeting in three years. It will feature discussions of current insurance problems, rather than academic matters, with life insurance on the program in the morning and fire and casualty in the afternoon.

As usual, the meeting will be held in connection with the American Economic



E. C. Stone



John A. Diemand

Association and American Statistical Association.

Dr. C. A. Kulp, University of Pennsylvania, has been nominated for president, to succeed F. G. Dickinson, University of Illinois. J. A. Fitzgerald, University of Texas, is nominated for vice-president and C. A. Kline, University of Pennsylvania, is renominated as secretary-treasurer. J. M. Breen, Lumbermen's Mutual Casualty, Chicago, is nominated as a member of the executive committee, to succeed L. P. McCord, prominent agent at Jacksonville, Fla.

### Details of Program

The morning program with Prof. S. S. Huebner, University of Pennsylvania, presiding, includes: "Recent Developments in Guertin Legislation," A. N. Guertin, actuary American Life Convention.

Discussion, H. H. Jackson, vice-president and actuary National Life of Vermont.

"Developments in State Life Insurance Legislation Resulting from Public Law 15," Clyde Cover, associate counsel, Lincoln National Life.

Discussion, Irvin Bendiner, Philadelphia, New York Life.

President Dickinson will be the afternoon chairman. Topics are: "Developments in Comprehensive Property-Casualty Insurance," J. A. Diemand, president North America group.

"Developments in Property-Casualty Insurance Legislation Resulting from Public Law 15," E. C. Stone, U. S. manager Employers Liability.

Discussion, Prof. R. H. Blanchard, Columbia University.

At the dinner meeting, Superintendent Walter Dressel of Ohio will talk on "Some Post-war Insurance Problems."

### Richards Explains NSLI

LONG BEACH, CAL. — George Richards told the Long Beach Association about the provisions of National Service Life Insurance, how it operates, and urged that all returned veterans retain their policies.

## Weigh Agency Limitation Rule

**Group Contraction Poses Problem—P. J. Leen Gives Address**

CINCINNATI—Agents were urged to develop their knowledge of marine lines, both ocean and domestic transportation, by P. J. Leen, assistant manager western department Fireman's Fund, in his address to the Cincinnati Fire Underwriters Association. He showed that such business develops in unexpected places and through his knowledge of marine insurance, the agent helps to cement relationships with his customers and give them a service which is otherwise given by out-of-town agents or brokers.

Action of the America Fore and North America groups in retiring two companies in each group and possible similar action by other groups has brought up the question of whether the Cincinnati Board should revise its rules regarding membership qualification. At present, each company or underwriters agency is entitled to representation of four agencies by each company, a fleet of five companies therefore being entitled to representation by 20 agencies under board rules. The question arises as to whether anything further should be done to limit agency representation when a reduction is made in the number of companies in a fleet. A proposal tentatively suggested by the governing board to freeze membership by companies as now constituted drew considerable discussion and the subject will be on the agenda at the annual meeting Jan. 10. An aspect of the problem is the status of the accepted cities since the S.E.U.A. decision.

### Should Retain War Cover

Mr. Leen said it is to the advantage of shippers to retain their war risk policies. The war risk policy covers loss from mines; in the marine policy there is a specific exclusion. In a four-year period following the former war, 121 ships were sunk by mines and 263 ships from unknown causes.

The Cargo War Risk Reinsurance Exchange enabled a single company to assume up to \$3½ million on a single risk; he contrasted this with the former war when every company was on its own and the limit was from \$25,000 to \$50,000 per company.

The difference in rates to various ports is due not only to the distance, but also to the condition of the docks and handling facilities; the rate to the United Kingdom is only 12½¢ because of the excellent facilities there. The war damaged or destroyed dock facilities in many ports. The insurance on imports should be kept in this country as well as that on exports. The importer will not have the problem of difficulties in adjustments with foreign insurers when a loss occurs, he said.

### Warns of Under-Insurance

In 1944, \$60 million of merchandise was lost in this country in transit. The domestic transportation policy can cover railroad shipments, truck, or air express, and like the ocean marine policy, covers from warehouse to warehouse. It is not a standard contract, he stated, and some policies are written to cover loss of market or delay. Under-insurance should be guarded against. For example, a truckman had \$25,000 coverage on a load worth \$92,000. The shipment was a total loss and he was in the hole \$67,000. Such a loss might affect his desirability as a risk.

Max Bernstein was appointed chairman of the nominating committee to report prior to the annual meeting Jan. 10. N. G. Dempsey was admitted to class A membership. C. H. Sanders, resident vice-president American Automobile, reported on the bank-agent auto plan and D. A. Streit on progress in the new state

## Prepare for Big Legislative Issues in Some States

Although 1946 is an even year and hence an off year legislatively, there are some major and critical issues ahead both for life insurance and fire-casualty in certain of the nine state legislatures that will meet next year.

The interest of life insurance men is centered in New York, whose legislature meets annually. A supreme effort will be made to bring about enactment in New York of the so-called Guertin legislation which provides for a new and uniform nonforfeiture and reserve valuation formula including the use of a new mortality table. In the many states in which this legislation has already been enacted, it is provided that the new standard shall become mandatory Jan. 1, 1948. The life people feel that absolute uniformity is necessary and New York is the critical state.

Not only has New York in the past declined to enact this legislation but its failure to act has caused certain other states to hold back. If New York enacts legislation in 1946, it will be taken for granted that the other states whose legislatures don't meet until 1947 will follow suit, and the companies can then proceed to tackle the job of preparing new policies and rate manuals for use Jan. 1, 1948. Some of the companies say that it will take them about 18 months to get ready. Many observers believe that prospects for enactment are bright in New York for 1946.

Interest of the fire and casualty people is centered in Mississippi and Kentucky. The legislatures of these two states meet biennially in the even years and hence it is taken for granted that fire and casualty rate legislation will have to be enacted in those states next year so as to protect state legislation against the expiration Jan. 1, 1948, of the moratorium in public law 15. These states will certainly be a battleground for the different theories as to what a rating law should embrace and much will be heard in Mississippi and Kentucky about prior approval vs. filing subject to subsequent disapproval.

The other states that meet in 1946 and not again until 1948 are Virginia and Louisiana. However, both of these states have well established rating laws. The other states whose legislatures meet annually and will be in session in 1946 are New Jersey, Massachusetts, Rhode Island and South Carolina.

## Army to Issue "Brief" Called The Insurance Salesman

WASHINGTON—Insurance people have shown considerable interest in the plan of the War Department to publish an educational "brief" entitled "The Insurance Salesman," for information of returning veterans. Capt. Leo Lieberman of the information and education division is working on the project. It is understood that publication has been delayed for some time after the December deadline originally set.

It has been pointed out that in preparing such a publication it is necessary to avoid over-simplification, inasmuch as the training and work of the life salesman is along entirely different lines from those of the fire or casualty salesman.

Robert H. Edmiston, former general agent at Seattle of Connecticut Mutual Life, has been released from the navy and has established a general insurance agency in Seattle.

casualty agency examination questions. Walter Alexander, vice-president, presided in the absence of Frederick Rau, president.

Theodore Safford, vice-president A. W. Shell & Co., and G. W. Neare, Neare, Gibbs & Co., were welcomed back from long service in the armed forces.

## New Sprinkler Leakage Policy Effective March 15

**Revised Contract Contains Several Broadened Conditions**

NEW YORK—Broadened in its conditions and in general patterned after the new standard fire policy adopted in most states, a revised form of sprinkler leakage policy has been adopted by the Sprinkler Leakage Conference, effective March 15. At the same time a revised property damage form and a revised liability-imposed-by-law form will become effective. The same action has been taken by the Western Sprinkler Leakage Conference, effective March 15.

The new policy represents many months of deliberation. In addition to being adopted by the rates, rules and forms committee and approved by the executive committee and by counsel it has also had the benefit of review and suggestions by the loss executives' committee. The principal changes as compared with the old policy are the following:

### Covers Exposure Losses

1. In line 4 the word "any" has been substituted for the word "the," so that it reads "wherever in this policy the term 'sprinkler leakage' occurs it shall be held to mean leakage or discharge of water or other substance from within any 'automatic sprinkler system.'" This was done so as to indicate the assumption of "exposure" losses, as the old policy had been construed as not being liable for leakage from a sprinkler system off the insured's premises.

2. In lines 11 and 12 the previous exclusion of non-automatic equipment has been deleted. Previously it was necessary to endorse the policy specifically for this coverage and the rate was increased 25%. It is now included at no increase in cost.

3. Lines 29 to 43 covering excluded perils have been materially strengthened by including the words "by 'sprinkler leakage' or by collapse or fall of a tank" between the words "loss" and "caused," so that it reads "this company shall not be liable for loss by 'sprinkler leakage' or by collapse or fall of a tank caused directly or indirectly by (a) fire, etc." This was done because under the old policy some insured tried to collect where the leakage was caused by one of the excluded perils. Their contention was that the exclusions referred only to damage to the property by the excluded perils, even though it was obviously the intent that the word "loss" referred to sprinkler leakage. In addition, the new clause eliminates excess wordage.

### 10% Limitation Removed

4. Lines 44 to 47, covering uninsurable and excepted property are taken verbatim from the new fire policy. Under the old sprinkler leakage policy this clause contained a 10% limitation on lasts, dies and patterns unless specifically insured. This policy restriction has been removed.

5. Lines 59-61 have been revised to make it clear that the exclusion of damage by aircraft applies only while the plane is in flight or taxiing outdoors and does not exclude sprinkler leakage caused by aircraft being taxied, pushed or towed inside a building or hangar.

6. The pro-rata liability clause (lines 110-113) are taken from the new fire policy except that the words "against the peril involved" appearing in the fire

(CONTINUED ON LAST PAGE)

## Dine Seek Adv

**Out Ten Sup**

CINCINNATI—Tendency of insurance industry to adopt legislative proposals of New York in the Bar Association outlook of legislation by various states doing no of state clarified. fact that ing with cannot the pro by acti make of the p The well kn reason indepen prefers

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## Dineen Condemns Seeking Legislative Advantages

**Outlook Bleak Unless Tendency Is Halted, N. Y. Superintendent Says**

CINCINNATI—Unless the alleged tendency is halted on the part of certain insurance industry groups to seek legislative advantage for their own methods of operation, Superintendent Dineen of New York, in addressing a meeting of the insurance section of the American Bar Association here, declared that the outlook is bleak. The continued seeking of legislative advantages in rating laws by various segments of the business is doing neither the industry nor the cause of state regulation any good, he declared. Any policy that overlooks the fact that there will be a day of reckoning with Congress is shortsighted and cannot succeed. A disposition to view the problem broadly and fairly followed by action along that line would soon make the rating problem a thing of the past.

The elements of a good rating law are well known now, he said. There is no reason why the right to operate either independently or in concert as a carrier prefers should not be preserved.

### Declaration Is Needed

A rating law should contain at the outset a declaration recognizing the right of carriers to act either collectively or independently and the necessity for competition on a price basis consistent with the maintenance of financial soundness. Such a declaration would serve as a continuing reminder to the commissioner that he was under a duty to recognize the legitimate spheres of both methods of operation.

States like New York where action in concert in the field of rate making is ordinarily the rule, and states like Illinois and California where independent filings are common must view each other's practices understandingly.

A law requiring advance approval of rates made in concert and permitting disapproval at any time of rates made independently is impractical, Mr. Dineen declared, although much could be said as to its logic. He said he doesn't agree that such a law imposes a double standard because all rates should meet the same requirements of adequacy and reasonableness. Without a provision subjecting all rates to the same standard, a supervisor is powerless to stop a rate war. Those who sometimes chafe at what they regard as unnecessary departmental interference with their rates are the first to turn to the department when put to a disadvantage by their competitors.

Much of Mr. Dineen's speech was an argument for the principle of prior approval and against the principle of filing rates subject to subsequent disapproval. In doing so he was showing little consideration for the feelings of the chairman of the insurance section, Henry Moser, who has an undying hatred for prior approval.

Most rates, Mr. Dineen said, lend themselves readily to advance approval or disapproval and the practice of submitting filings to insurance commissioners for examination prior to their effective date is in common use throughout the country, at least in some lines of the business.

Substantial elements in the insurance  
(CONTINUED ON LAST PAGE)

## Alex Case Again Organizes Xmas Toast



ALEX H. CASE

Alex H. Case, prominent local agent of Marion, Kan., is again this year carrying on the tradition that was started many years ago by his late father, Rosse Case, of organizing a band of insurance friends throughout the country to join in a toast at an appointed hour on Christmas day. Mr. Case has sent a message to about 120 men throughout the country proposing this toast:

God grant that I may live upon this earth  
And face the tasks which every morning brings  
And never lose the glory and the worth  
Of humble service and the simple things.

## A. C. Gunther to Missouri Post for National Fire

National Fire has revised its field supervision setup for Missouri.

Special Agent James W. Evans, who has been in charge of St. Louis and St. Louis county since 1912, is being given the title of St. Louis city and county superintendent.

Capt. Alfred C. Gunther, who was recently discharged from the army, is being assigned to the St. Louis office with the title of state agent, to collaborate with Mr. Evans in the handling of St. Louis business and also to take direct supervision of a portion of eastern Missouri territory which has heretofore been supervised by State Agent Beistle from Kansas City. The balance of the state will continue under the supervision of Mr. Beistle and his assistants, Special Agent Conger and Special Agent Brookmann, with headquarters at Kansas City.

Mr. Gunther has been with National since 1937. He is a graduate of the Illinois Institute of Technology and spent six years with Oklahoma Inspection Bureau, two years with Western Factory and two years as engineer with National Fire in the western department. He was then appointed in Ohio and spent a year in the Cincinnati territory, after which he was transferred to Minnesota as state agent, remaining there until entering the armed forces.

Mr. Gunther was in a combat engineer battalion serving through the entire Italian campaign. He was awarded the bronze star medal in the North Apennines action.

## C. of C. Man Speaks Dec. 20

LOS ANGELES—Allen Pollock of the industrial department of the Chamber of Commerce here will address the Accident & Health Producers Association of Southern California Dec. 20 on "Highlights and Comments on Los Angeles, Its Industrial Life and Growing Population."

## Wycoff Retires; Aetna Fire Divides Texas Field

Clifton J. Wycoff has retired as Texas state agent for the Aetna Fire group after 25 years of service. The territory formerly supervised by Mr. Wycoff has been divided into four sections with a state agent assigned to each. R. H. Helvenston, Dallas, will be state agent for east Texas; H. D. Lemmon, Dallas, will have west Texas; Thomas Holleran, San Antonio, will service southwest Texas and W. T. Enagee, Houston, will be state agent for southeast Texas.

The marine business will be continued to be handled out of Dallas by T. L. Cromer, marine superintendent, and John G. Mackey, inland marine special agent.

## Proceed with 100 Classification Plan Jan. 1

The National Board has decided to put into operation commencing Jan. 1 its new 100 classification system to replace the 26-classification setup that has been in effect since 1932. At the Grand Rapids meeting of the National Association of Insurance Commissioners the fire group sought to persuade the state officials to give at least tentative approval to the new plan but due mainly to the opposition of Superintendent Dineen of New York, the N.A.I.C. declined to bestow its blessings upon the project. The commissioners are undertaking a study of fire insurance classifications on their own account.

In a telegram sent to member companies, General Manager W. E. Mallalieu stated that the executive committee of the National Board reaffirmed its decision to go ahead with the revised standard classifications. This does not interfere in any way, Mr. Mallalieu stated, with the continuity of statistics being furnished the state insurance departments under the present 26 class basis nor will it prevent the furnishing of information to the state in any reports which are now required. Mr. Mallalieu went on to say that the advantages of the revised classification are generally recognized and will afford a sound basis for compiling statistics.

### Transition Is Difficult

It is not contemplated, he said, that all the boards and bureaus and stamping or audit bureaus will be in a position immediately to code daily reports under the new plan. The various offices will advise as they are prepared to undertake this phase of the work.

Alphabetical index of occupancies under the revised classification will be available as soon as final verification of the index is completed and printing is accomplished.

The revised system is based upon occupancy of the risk and not the ownership.

At Grand Rapids there was some confusion because the National Board plan was referred to by some as an 86 classification plan. As a matter of fact there are 100 classifications, apparently 14 of those are identical to 14 in the 26 classification plan and hence the reference to 86.

It is emphasized that the 100 classifications are all derived from the present 26 and when the statistics are produced for the 100 groupings they can be translated back into the 26 if desired.

Maj. J. N. McLucas, who before entering service was vice-president of the Commerce Trust Co., Kansas City, will become a vice-president of the National Bank of Detroit Jan. 1. He is a director of Kansas City Life and Kansas City F. & M.

## Public Service Attitude Needed to Meet Situation

**Ralph Blanchard Urges New Concept in Solving Regulation Problem**

CINCINNATI—The only sound way to meet the prospects of more intensi-



R. H. BLANCHARD

fied regulation, of federal intervention, or buying by specification, and even of governmentally operated insurance is by taking the attitude that the management of an insurance company is essentially a public instrument and its executives public officials, Ralph H. Blanchard, Columbia University school of business, declared before the American Bar Association's insurance section here. "They should set up, in cooperation with politically (in the better sense) elected or appointed officials a workable scheme of competition, cooperation, and regulation—all to the end that insurance shall best serve the public in meeting its risk problems."

### Essential Public Service

"The fundamental fact is that insurance is an essential public service, that its only justification is its usefulness to the public. Ideally, the various agencies of the insurance business would be guided solely by the responsibility which this position implies. But we know that private individuals or organizations, left to their own devices, will be guided largely by their own short-run interests. Our system of local state regulation of insurance has been developed to control that tendency in the interest of the public," Mr. Blanchard asserted.

"This is not merely starry-eyed idealistic doctrine. It may be said that human nature has not changed, that business will go on attaining its ends in much the same way as in the past. Human nature does not change, but organized expression of its desires does change. Institutions wither, and new ones succeed them. Only those survive that show ability to adapt themselves to changing circumstances," he stated.

### Lack of Criticism

"Progress in insurance has been retarded by lack of effective criticism, due largely to ignorance of the business on the part of laymen, ignorance arising in part from the genuinely technical nature of the business and in part from the mysterious language with which it has cloaked itself," Mr. Blanchard observed. "Within the business there has developed an almost religious worship of its machinery. The incentives to improvement which one finds effective in, say, the motor-car industry, buyer interest and constant self-criticism, are strangely inactive. Research as a means of locating weaknesses and improving methods has been highly developed in a few lines and all but ignored in others. And there is too much of the feeling that the institution of insurance is an end in itself instead of a tool for the service of the public."

"This situation has resulted in a marked resistance to suggestions of change; in a feeling that change is dangerous, disturbing, and somewhat sacrilegious."

(CONTINUED ON PAGE 16)

## Bar Group Cites Titanic Insurance Struggle of Hour in Cincinnati Report

CINCINNATI—A titanic struggle is taking place within the insurance industry to reconcile intransigent elements within itself in time to take advantage of the opportunity which public law 15 affords to work out for itself an effective regulatory system rather than to have regulation imposed upon it either by the federal government or by the state.

This observation was contained in the report of the committee on insurance regulation of the American Bar Association insurance section, the chairman of which is Franklin J. Marryott, counsel for Liberty Mutual.

The industry, the committee remarks, is experiencing severe growing pains, confusion and uncertainty. Even the staunchest advocates of state regulation find, at times, that their faith wavers, all of which is entirely normal and to be expected.

The results to date can be viewed either as indicating that the problem is too difficult for the states to solve or as showing that the states are accepting the challenge and will succeed in retaining the right to regulate the business.

### Many Factors at Work

The problem of prophesying what will happen prior to Jan. 1, 1948, when the moratorium runs out is complicated because so many different factors are operating. These include: the final attitude of the National Association of Insurance Commissioners; the extent to which independent companies will come to regard the provision of the joint bill as entirely satisfactory to them; whether there will be some action at Washington that may serve to indicate the view of Congress on the question of what type of rate regulatory law should be enacted; the success which experts in the field of rate regulation have in educating those whose views are of legislative importance.

Another highly important question is how much variation will there be in the laws which are enacted and how effectively can rates be regulated without losing too many of the benefits of open competition.

The committee concluded that confusion and uncertainty will prevail for an indefinite period and finally a comprehensive system of regulation will come about which will, in all likelihood, be a system of state regulation, supplemented to an unpredictable degree by federal regulation.

### Supreme Court Predictions

The committee analyzed some of the predictions that were made in the dissenting opinions of Chief Justice Stone and Justice Jackson in the S.E.U.A. case.

For instance, Stone said that the decision "cannot fail to be the occasion for loosing a flood of litigation." This has turned out to be something of an overstatement so far. Then Stone said the majority decision raises questions which cannot be answered for years to come during which a great business must be harassed by all the doubts and difficulties inseparable from the realignment of the distribution of power in our federal system. That, the committee said, was a remarkably accurate prediction.

Stone also remarked that there "cannot but be serious doubts as to the validity of state taxes." That also was prophetic.

Justice Jackson said the decision "at the very least will require an extensive overhauling of state legislation relating to taxation and supervision. The whole legal basis will have to be considered."

That was also remarkably accurate. Justice Jackson, however, the committee observed, made a poor guess when he said: "certainly the states lose a very considerable revenues." That prediction turned out to be untrue so far

because there was a willingness on the part of most of the insurers to accept some risk of not being able to get back taxes which turned out to have been collected under invalid laws and some risk of incurring liability for having paid out illegally assessed taxes. Also because some 21 states enacted laws to protect officers and directors against liability that might arise from payment of taxes which might later be held unconstitutional. The third reason is that there is a real doubt as yet as to whether a discriminatory tax is valid or invalid.

The Supreme Court, the committee observed, did not point out that the major issue to be raised by the decision was whether the insurance business was to travel along the road of free and unregulated competition which would result from a full acceptance of the Sherman act, or whether the business was to develop a system of regulation under laws which would permit rate fixing combinations which combinations would be illegal under a literal and full application of the Sherman act.

It is the struggle with this dilemma, the committee said, which is providing the real drama in the legislative halls and in the councils of insurance organizations.

To a considerable degree the business after more than a year remains somewhat uncertain as to which course it will take. The rate regulatory pattern of the past is found in the bureau system and it may be wise to attempt to build upon and modify it rather than to seek to erect a completely novel system.

The joint bill that was produced by the Association of Casualty & Surety Executives and National Association of Mutual Casualty Companies has formed the basis for most of the casualty rate regulatory laws that have thus far been enacted.

The fundamental principles of that bill are: Companies may combine to fix rates but cannot use such rates until they are approved by state authority; no company is forced to become a member of a bureau; competition is encouraged by providing that independents may use their own rates, bureau companies may deviate from bureau rates, companies may adopt their own systems of expense provisions, bureau members may appeal to state authority from the action of their rating organization. Interstate rating is permitted and uniformity between carriers is not precluded.

## Field Aftermaths of S.E.U.A. Decision

While the effect of the abolition of separation rules among agencies, as an aftermath of the Southeastern Underwriters Association case, still cannot be ascertained in full, reports from the field indicate that many changes have been made in representation in the aggregate, but they have been gradual and nothing remotely resembling an upheaval seems to have occurred anywhere. Undoubtedly, general business conditions have contributed greatly to this as companies and agents, organization and non-organization on both sides, are doing well enough right now and have no desire to antagonize existing connections by rash actions.

One of the most interesting present situations is that agency mutual companies are being particularly slow about planting in previously all-stock offices. They have run into a particularly substantial stumbling block in the opposition of existing mutual agents. Many mutual agencies have grown to a point where their voice means something and the companies are discovering that they are just as vociferous about appointing competitors as any other agents. In many states, they are well organized and

## G. W. Scott Leaves N.A.I.A. Post as Educational Man

NEW YORK—George W. Scott, educational director of National Association of Insurance Agents, has resigned. He has announced no future plans. Officers of the association expressed their regret at loss of Mr. Scott's services. The work of the educational division will be carried on by



GEORGE W. SCOTT

the educational committee and chairman L. P. McCord of Jacksonville.

Mr. Scott has been identified with N.A.I.A. activities for nearly 18 years, starting as field representative in 1928, he became assistant secretary and then educational director. For a brief time he was treasurer of the association. He developed the N.A.I.A. courses which since 1942 have been sponsored by almost 150 study groups in 33 states, with a cumulative enrollment of approximately 17,000 students up to date. He initiated and edited the booklet, "Bringing You Up To Date," a summary of wartime changes in property and casualty coverages.

### E. H. Miazza Rejoins F.C.A.B.

Eugene H. Miazza has returned to Fire Companies Adjustment Bureau after 2½ years in the navy. He is a staff adjuster in the New York metropolitan office of F.C.A.B. Before entering service he spent 10 years with F.C.A.B. in Shreveport and New Orleans. He has three brothers with the bureau, James, Edwin and Martin. He enlisted in the Seabees and has been in the fire protection and advisory service at the Brooklyn Navy Yard the last 15 months.

### E. C. S. L. C. Give Up to N. C.

The Explosion Conference and Sprinkler Leakage Conference will release jurisdiction Jan. 1 to North Carolina fire insurance rating bureau, in accordance with the state's new insurance law. Stamping and similar functions performed by the conferences on North Carolina risks will be taken over by the bureau at Raleigh.

### Raymond Joins Uniform Printing

Harry Raymond, formerly in Lumbermen's Mutual Casualty legal department, has gone with Uniform Printing & Supply Division.

He is presently located in Chicago but eventually will be in New York.

the mutual field man and agency superintendent is finding that his problems closely parallel those of his stock competitor.

## Fight D. C. Rate Reduction Order at Hearing

### Assail Using Premium Reserve Interest Factor—Challenge Mathematics

WASHINGTON—Many factors considered, methods used and conclusions arrived at by Superintendent Jordan in connection with his order of Oct. 29 for reduction of fire and extended coverage rates here were challenged or disputed, and their correction was demanded, on behalf of the companies affected, at a hearing that commenced last Friday and was resumed Wednesday of this week.

Principal presentation was made by Abraham Taplan as counsel for the companies. The only witness heard was Scott Harris of Froggatt & Co. John L. Baker represented Fire Association, and Charles Butler, New York, North America. George I. Cross, Paul Cromelin and Francis Brooks appeared as co-counsel. Others present included Victor Herd, America Fore; Harry Hazlehurst, D. C. Rating Bureau; C. C. Dickey of Ivy Lee & T. J. Ross, public relations; Charles P. Jervy, Travelers Wire; J. H. Boteler, Mutual Ins. Agency, Washington.

The companies seek the position hearing should have been granted before issuance of the order, since without it the companies were put under a "double burden." A long memorandum submitted by Taplan, with many exhibits, charts, etc., indicated disagreement with Jordan on his mathematical approach to the problem and his philosophy in dealing with it.

### Mixing the Classes

The disagreement extended to Jordan's determination of premiums, expenses and losses. Pointing out that Jordan had no jurisdiction over automobile and marine under the District law, he was criticised for taking into consideration statistics for those classes in arriving at conclusions in his order. "There is no basis for the order," Taplan declared. Jordan's methods with respect to determining earned income, underwriting profit, etc., were declared unfair and improper. Fire and extended coverage premiums should not be mixed with automobile and marine, Jordan was told, and his conclusions were "absolutely in error," "emphatically unsound and improper." Figures for each class should have been kept separate and worked out for itself. Best and Froggatt concluded that for the 5-year period, 1940-44, under review, earned fire premiums were overstated in the Jordan order by some \$300,000 and earned premium for extended coverage overstated by \$200,000.

Auto and marine were subject to dynamic changes during the period, it was stated. No credit was given to certain movements by Jordan, it was charged, who ruled that earned premiums in fire should be based on earned premiums in all the classes. If expert testimony is found correct, it was declared, the base of the order would be "destroyed." Objection was made to the method and to the result, whether used here or in any state.

Jordan's finding of 48.3 per cent expenses, for total premiums written in 1944 was attacked and his application of that figure to the 5-year period; 19% of expenses do not move with premium income, it was stated. Jordan said many companies said they could not furnish expense data by classes for each of the



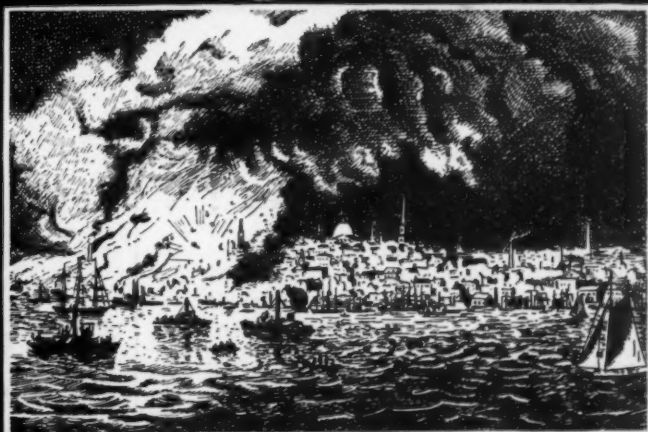
CHICAGO 1871



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## Conflagration Tested—

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five years. Jordan's figures on expense were taken for 73 companies, it was stated, of which 23 were mutuals, 7 reciprocal, but Taplan declared stock rates can not be measured by cost ratio of mutuals. "It looks like somebody came to a conclusion and then set up figures to substantiate it," declared Taplan.

"Is that a charge?" asked Harrison, who wanted expense ratio of other than the 73 companies. Taplan said none of the 5 domestic companies were included in the 73. Their experience shows higher expense ratio. Taplan declared Jordan had no power over commissions. The

average of actual expenses incurred should be taken as a base, he said. When counsel said actual figures showed underwriting loss in one class, Harrison asked if the companies want increased rates.

"They are asking that premiums be adjusted to a correct conclusion," said Taplan.

Taking up windstorm, Taplan said experience in eastern states shows 86.3 loss ratio for the five years. The District showed only 8% loss ratio. Recent years' storms have cost the companies many millions. Reduction of windstorm rates here was described as

"unusual." It was argued there has not been enough experience with windstorm to warrant reduction in extended coverage rates.

Taplan disagreed with Jordan's 3.4% interest earnings and underwriting profit figures, declaring it is dangerous to tell companies to keep all their monies out at yield, when they should keep considerable cash reserves. He suggested Jordan should await the report of a new committee of the N.A.I.C. on interest earnings, etc. Interest earnings on unearned premium reserves should not be taken into consideration in rate fixing, it was said, but factors to be considered should include incurred losses, earned premiums, conflagration hazard and expenses.

At the afternoon session Senator Taplan completed his statement and called Mr. Harris, who testified on technical and statistical points, in support of Mr. Taplan's statement.

Taplan said he would complete his case Wednesday, Alfred M. Best was to be called to testify following Mr. Harris. These experts independently reached similar conclusions in opposition to provisions and the theory of Jordan's order for reduction of fire and E. C. rates Jan. 1.

Floyd Harrison, assistant D. C. corporation counsel, who sat with Jordan and took part in the questioning, served notice that he would require time to review the record as the basis of cross examination of witnesses. It was suggested this might result in carrying the hearing over into another day, possibly into the holiday season. In that event, it was thought, the Jordan order might be postponed beyond New Year's, if not modified or withdrawn.

Attorney Cromelin holds Jordan did not proceed with the order, his conclusions, calculations, etc., in accordance with the D. C. rating law.

(CONTINUED ON PAGE 10)

## Colliery's Victory Over W. Va. School Board Reversed

RICHMOND—An insurance policy is a contract of indemnity and its nature and effect is to indemnify the insured against loss and not another who is not a party to a contract. So declared Judge Soper of the U. S. 4th circuit court of appeals in an opinion handed down here reversing a decision of the federal court for the southern district of West Virginia which had held that Winding Gulf Collieries, a West Virginia corporation, was entitled to collect \$67,201 under fire insurance policies taken out by the board of education of Raleigh County, W. Va., on a school building erected on land donated by that company. The company contended that the land reverted to it after a fire had destroyed the school and that it was entitled to proceeds of the policies covering the building.

The decision of Judge Moore in favor of the coal company was reported in THE NATIONAL UNDERWRITER of May 10,

A high school building of the Raleigh county school board burned Jan. 4, 1944, and the school board decided not to rebuild at the same site. Thereupon Winding Gulf Collieries, which in 1924 had given the land gratis to the board with a proviso that it would revert, including all buildings, to the coal company if no longer used for public school purposes, asserted its claim to the entire proceeds. The coal company's basis for its claim was that if the school board had abandoned the site without the building having been destroyed, the coal company would have received the land with all buildings intact. Hence, the argument went, since insurance was in force "for account of whom it may concern," the coal company had an interest in the insurance to the extent that the fire had impaired the value of the property.

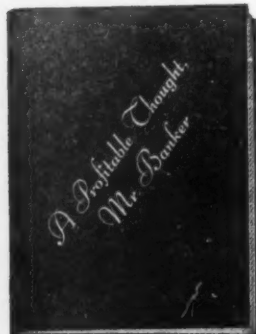
Apparently the coal company was more interested in compelling the school board to reconsider its decision to abandon the site than it was in collecting the insurance proceeds.

## Much Solicitude About Hayes McKinney's "Heart"

A group of knights who were returning home from the annual tournament of the Knights of the Round Table of the Union League Club of Chicago last Saturday afternoon met with some difficulties. Hayes McKinney of the law firm of McKinney, Folonje & Grear was taking E. H. Born, Western Underwriters Association, F. H. Cornell, secretary Home's farm department, and Clarke J. Munn, Cook County Loss Adjustment Bureau. It was a cold day and on far stretches of the outer drive Mr. McKinney's car stalled. Finally a police squad car came along and the officers endeavored to see if they could find the difficulty but could not locate it.

Mr. McKinney desired to get rid of his passengers so that he could suffer his woes alone. The squad car took them to the elevated station. The three got on the platform and found they were on the wrong side, hence they went down and paid another fare and got on the right side. However, they got on a car that took them far away from their destination.

The squad car returned to Mr. McKinney and took him to a garage to see whether it could send out a mechanic. One of the officers told the girl at the switchboard of the garage what was wanted and she said that they were overloaded and could not take any more work because their men would be busy until one or two o'clock in the morning. Hence the officer devised a fine strategy. He had Mr. McKinney sit down in a chair, then he fanned him two or three times and gave him a drink of water. Then he whispered to the girl that Mr. McKinney had his car



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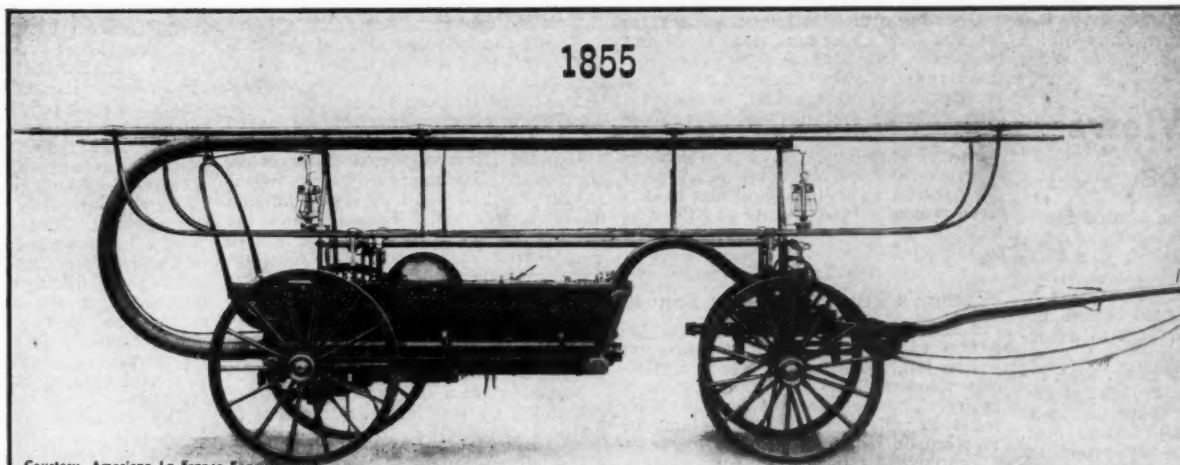
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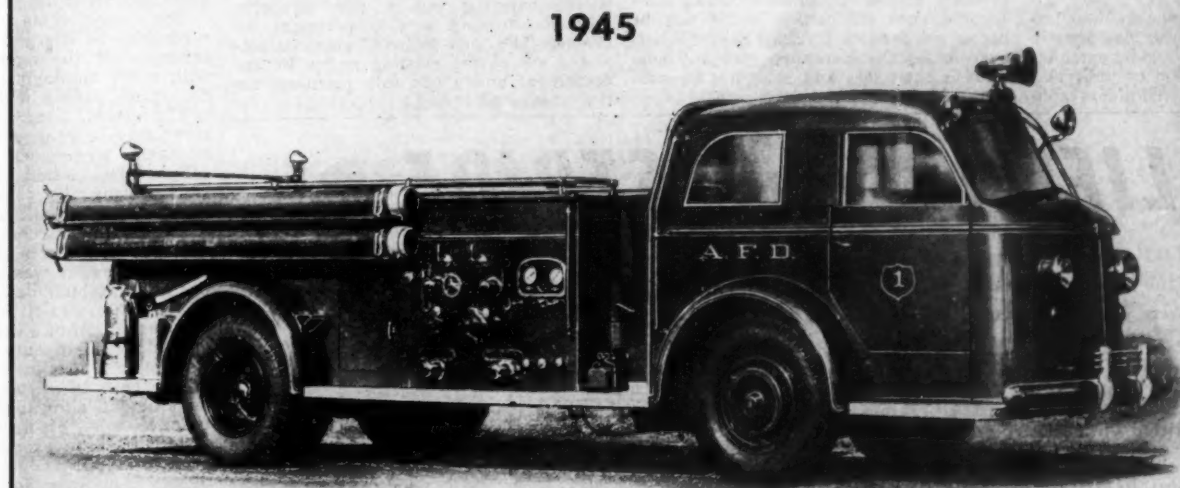
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| National-Ben Franklin Fire Insurance Company<br><small>Organized 1866</small>  | The Metropolitan Casualty Insurance Co. of N.Y.<br><small>Organized 1874</small> |
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stalled and had a sharp heart attack, the officers had found him and had put him in their car and were trying to revive him. He asked her if she could not get a mechanic and get his car started so he would not have another spell. Finally she agreed to do it—she sent a mechanic to the distressed car and Mr. McKinney was soon on his way home.

The next day, however, many of his friends called him up to inquire about his heart.

## WDC Gives Views on Philippines

WASHINGTON—The United States or War Damage Corp. is not legally, but is morally, bound to pay for war damages in the Philippine Islands occurring after Dec. 6, 1941, and before July 1, 1942, but not in excess of \$99 million, according to WDC in a report to a congressional committee.

From January, 1942, to May, 1945, inclusive, the report says, 599 claims and preliminary notices of claims for war damages in the Philippines were filed. These claims relate to 389 properties valued by claimants at over \$168 million and 210 properties on which no valuations were furnished. The amount of actual damage generally was not stated.

The above information and various other statements were made by WDC in reply to questions asked by Senator Tydings, Maryland, chairman committee on insular affairs, who introduced, and the Senate recently passed, a bill providing for payments up to \$330 million, approximately, on account of Philippine war damages.

WDC said it does not recommend that life and fire insurance companies be reimbursed for premiums paid in Japanese currency, nor that mortgage or other lienors be reimbursed for losses resulting from payment of debts in Japanese currency.

WDC advocates that such compensation as is extended for war damages in the Philippine Islands should be extended regardless of any intention or undertaking by the owners to rebuild, recon-

## New Fire Prevention Film for Retail Store Field

A new 35-mm. sound slide film has been produced by the visual training division of the "Syndicate Store Merchandiser," 79 Madison Avenue, New York, entitled, "Fire Is Your Responsibility."

Opening with a series of fire scenes, the film shows how each was caused and how each could have been prevented. Do's and don'ts for smoking, use of extension cords, wiring, care of the fuse box, cleaning and disposal of rubbish are shown. The film is followed by a series of question pictures in which the audience is asked to point out typical fire hazards. The 10-minute film is centered around a variety store and the material in it is slanted most specifically to the retail store field.

## Fireman's Fund Christmas Bonus

Employees of the Fireman's Fund companies who were with the organization before Jan. 1, 1945, will receive a Christmas allowance of 5% of their year's salary. Those joining the company during 1945 will receive 3% of the amount received during the year.

Employees returning from military service will receive a minimum of \$50.

## N. J. OK's North America Plan

The New Jersey department has approved the installment premium plan of North America. This is the 22nd state in which the plan has become operative, the others being Arizona, California, Colorado, Connecticut, Delaware, Indiana, Iowa, Kentucky, Maryland, Montana, Nebraska, Nevada, New Mexico,

struct, or replace their damaged properties.

If a property owner has commercial insurance it is proposed to allow for claims only in excess of that insurance, whether or not collectible. Subrogation to insurance companies would not be permitted, Senator Tydings said. "Whatever losses the insurance company sustains is their loss and shall not be subrogated," he declared.

North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah and Vermont.

## Fight D. C. Rate Reduction Order at Hearing

(CONTINUED FROM PAGE 8)

At the continued hearing on Wednesday Senator Taplan continued presentation of the companies' case. He took up expenses, losses, and other factors, answering a number of questions asked during the first day's hearing.

John R. Barry, Corroon & Reynolds, contributed information about windstorm premiums and losses. National board figures were discussed and the apportionment of national expenses to the District of Columbia. Jordan inquired whether political campaign expenses are classed as educational. He submitted a post card of the insurance non-partisan committee for Dewey and Bricker, which contained the names of insurance companies.

Taplan replied all corporations are prohibited by law from contributing to political campaigns.

John L. Baker, Fire Association, said in the Willkie campaign, an insurance group in Philadelphia solicited funds from individuals.

Scott Harris of Froggatt & Co. resumed his testimony.

## "Add-Item" Plan Ups Coverage

The "add-an-item" campaign is the device of Cravens, Dargan & Co., of Houston, to keep insurance coverage equal to current values, according to "Review," house publication. The farm territories served by the company have seen substantial increases in valuable equipment. An agent and a farmer working together itemizing the new equipment and farm additions often arrive at values surprising to the farmer, "Review" reports, citing one instance where working out a new property schedule brought a 43% premium increase. The "add-an-item" plan contemplates use of the existing policy by endorsement and a pro rata premium for the unexpired term.

## Back Pay Issue Is Treated

WASHINGTON—R. N. Denham, trial examiner on the staff of national labor relations board, has submitted an intermediate report of hearing conducted in the case of Washington National and the Progressive Amalgamated Agents Union (unaffiliated) which the eighth circuit court remanded to the board to determine back pay, if any, due nine employees found to have been discriminated against, and credits, if any, due to company "for expenses that would have been incurred by the agents in earning the gross amounts each would have earned during the discrimination period." NLRB had appealed to the court to sustain and enforce the board order of August, 1944, finding discrimination and directing that the agents discriminated against be offered reinstatement and made whole for loss of earnings during the intervening period between termination of employment and offer of reinstatement.

The examiner held hearing at St. Louis last June. His report, for consideration by members of the board, covers 17 pages, plus three in an appendix, and discusses the five issues presented, which were: Whether the cost of operating an automobile to carry on the operation of an agents' debit is a proper item to be charged against his gross earnings and deducted therefrom in computing the amount for which the insurer is liable;

If such cost is deductible by the insured, what is the cost per mile of operation;

Whether contributions to charities sponsored by his customers; the purchase of raffle chances offered by his customers; or donations of miscellaneous kinds to activities in which his customers are interested and for which he is solicited by his customers, are a part of the agent's cost of doing business and deductible from the gross earnings.

The extent, if any, to which the insurer may be charged for extraordinary expenses of the agents in connection with other employment taken by them during the period of discrimination;

The extent, if any, to which the insurer may be charged with back pay of an agent, when such agent was physically incapacitated from performing work during the period of discrimination, or willfully failed to do so.

The examiner reports that "although some debits have in the past been covered on foot, it was conceded that the use of an automobile is now regarded as an almost essential adjunct to the efficient operation of a debit." He reported on mileage of agents and used the ration board's 15 miles per gallon of gasoline as basis of calculating expense. The government allowance of 5 cents per mile as cost of acute operation was adopted by the examiner. He used 75 cents a week as a factor of cost of agents' donations, contributions, etc., to determine their net commissions.

The report takes up the case of each agent concerned, individually, and finds that back pay due the agents ranges from none in the case of three of them and from \$260 up to \$1,435 each in the case of the others, the total back pay being \$4,904. The report concludes with recommendations that the company make good accordingly and notify the board's regional director at St. Louis within 10 days what steps have been taken to comply. In the absence of company compliance, it is recommended that NLRB issue an order under the circuit court's decision directing enforcement.

R. Glenn Hale, who has been serving in the army as a captain on the general staff, has joined Parker-Allston Associates, New York advertising agency, as assistant to the president. He formerly was with Travelers as assistant manager of the railway department and before that had his own insurance business in Louisiana.

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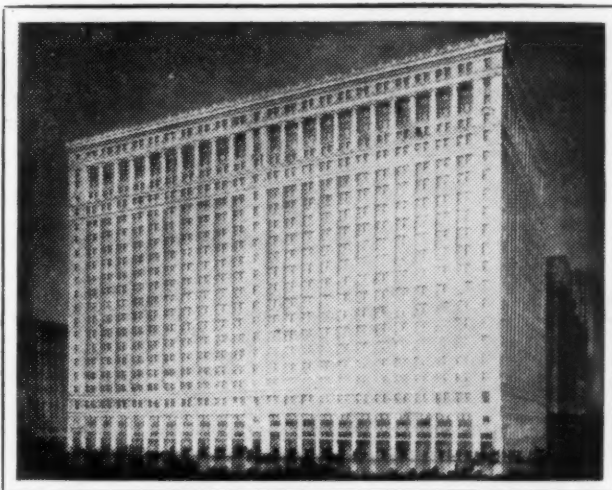


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## NEWS OF FIELD MEN

### Home Adds 3 at Chicago, 2 in Ind.

NEW YORK—Home has made five changes in its western field.

Fred S. Holmes has been transferred from Indiana to Chicago where he will assist General Manager Louis J. Fischer as a special agent in the Cook county field. Prior to 1935 Mr. Holmes was a

special agent for Home in South Dakota.

Eugene F. Snediker, after five years in the navy and completion of Home's veterans' refresher course, has been promoted to special agent in Cook county.

Frank J. Welch, who started in the home office and later acted as an adjuster in Ohio and Indiana, has been promoted to special agent in Indiana.

Robert C. Raisbeck, formerly a lieutenant commander in the navy, has been

employed a special agent in Indiana under State Agent Alwin E. Bulau. Mr. Raisbeck is a graduate of Lawrence College, and prior to entering the armed forces was employed by the Fire Insurance Rating Bureau of Wisconsin.

Willis E. Robinette, recently discharged from the navy as a lieutenant, has been reemployed. At present he has been assigned to Cook county as special agent and engineer. Mr. Robinette is a graduate of the fire protection engineering course of Armour Institute. After graduation he worked for the Oklahoma Inspection Bureau and the Kentucky Actuarial Bureau. He was formerly a special agent and engineer in Home's Kentucky field.

head office of Western Adjustment in Chicago.

### Holmes to Los Angeles Post

Charles H. Holmes, who was special agent in Ohio for Royal-Liverpool before entering the navy and before that in the New York office, has been appointed special agent in Los Angeles.

### American's Ia. Setup Revamped

Ralph McCormick, Iowa state agent of American, who is now in his 35th year with the company and within two years of retirement plans to eliminate much of his traveling and from now on will devote most of his time to the larger towns and cities in the state.

Paul Schminke will travel northern Iowa for American, and Harold Froehner, who has been representing the company in Iowa, will travel the southern half of the state. Mr. McCormick will continue as state agent in a supervisory capacity.

### Two Rejoin Atlas on Coast

Richard J. Walker has returned to Atlas after four years in the coast guard and has been appointed special agent at Los Angeles. John H. Stearns, who recently got out of the navy, is returning to Atlas as special agent in western Washington.

### Honor Schiveley's Memory in S. F.

The San Francisco Blue Goose Monday held its Christmas season luncheon dedicated to the late John H. Schiveley, for many years wielder of the pond.

The speaker was W. Stanley Pearce, Fireman's Fund. Arnold Hodgkinson, retired secretary of the Pacific Coast branch of the National Automobile Underwriters Association and general manager of the National Automobile Club, was chairman.

### Initiate in St. Louis

Three candidates were initiated by the St. Louis Blue Goose: Louis H. Antoine, American-Associated companies; August F. Dierker, Missouri Inspection Bureau, and Lacy L. McKenzie, National Board. It was announced that W. A. McKenzie, Underwriters Adjusting, most loyal gander, has recovered sufficiently from his illness to return to his home from the hospital. It will be at least two weeks before he can resume work.

### Blanchard to Local Agency

Clyde Blanchard, special agent of Security in Los Angeles, has resigned and has joined the J. C. Muehle local agency at Azusa, Cal., as its insurance manager.

The New Year "Stag" of the Sunflower Blue Goose puddle of Wichita has been set for Dec. 31, with C. C. Crow, manager of Underwriters Adjusting, in charge.

The Louisiana Blue Goose held a dinner party at New Orleans.

### National Fire Salutes Wheeler-Kelly-Hagney

National Fire saluted the Wheeler-Kelly-Hagney agency of Wichita at a dinner there on the occasion of its 50th anniversary of representation by that organization. C. L. Zook, assistant western manager of National, did the honors for his company at a dinner that was attended by Howard V. Wheeler, John C. Kelly and the insurance staff of the agency, and by the Kansas field organization of National. When National entered the office in 1895 it was known as Burke, Hewlett & Wheeler. John C. Kelly went with the office in 1901 and it became Wheeler & Kelly and since 1917 it has been Wheeler-Kelly-Hagney.

At the dinner Mr. Wheeler, who is head of the investment operations, gave an historical sketch of the organization. Mr. Kelly is in charge of the insurance work.

### BROKERS

E. W. tional As ers, who day meeti tee, addi directors sociation position maintaine lation and resolution N.A.I.B. reserve ex ing legisla tion to de taken in Thomas the Illinois yer's philo Presidin B. Parke I.B.A.I. a

### CHRISTM

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### C AC

There i nity wi and with an acco ough k statistic prepare a man and wh the stan year. FERG

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## AS SEEN FROM CHICAGO

### BROKERS HEAR E. W. SAWYER

E. W. Sawyer, counsel for the National Association of Insurance Brokers, who was in Chicago for the three-day meeting of the all-industry committee, addressed a luncheon meeting of directors of the Insurance Brokers Association of Illinois. He reviewed the position that the brokers group had maintained in the matter of rating legislation and the Illinois group adopted a resolution endorsing the view of N.A.I.B. that the organization should reserve expressing opinion on any rating legislation until they are in a position to determine that a stand has been taken in the national public interest.

Thomas C. McConnell, attorney for the Illinois group, seconded Mr. Sawyer's philosophy.

Presiding at the luncheon was John B. Parker who is vice-president of I.B.A.I. and treasurer of N.A.I.B.

### CHRISTMAS HOLIDAY PLANS

Owing to the fact that the Chicago postoffice has decided to make regular mail deliveries Dec. 22, Dec. 24, Dec. 29 and Dec. 31 the several offices have changed their announcements as to holidays. It was first reported that the postoffice would not make any deliveries the day before Christmas and the day before New Year. Now that delivery will be made a number of offices will keep open until noon both days. The Chicago Board whose rule is usually followed as to holidays, will close down Friday evening and will not open again until Wednesday morning but will be open the day before New Year. Coming at the beginning of the year companies will be busy closing their books.

The announcement by the postoffice clarifies a situation that was somewhat confused. The various postoffices throughout the country decide as to their own holidays. The postal employees are not regarded as covered by Truman's 4-day holiday for federal employees. The postoffice realized that not being able to deliver mail during that season would mean that mountains would be accumulated and would take a long while to get distributed. The situation, therefore, in various places will be governed by the decision of each local postoffice.

### ROUND TABLE KNIGHTS JOUST

The annual joust and tournament of the Knights of the Round Table of the Union League Club, Chicago, was held Saturday in connection with a luncheon. W. A. Chapman of Evanston, Ill., oldest charter member of the Round Table, was present. Others of the old-time group, most of whom have retired were W. D. Williams, Security of New Haven, Rockford; Robe Bird, American, Rockford; Fred M. Gund, Crum & Forster, Freeport; W. K. Maxwell, Hanover, Lincoln, Ill.; George H. Bell, Na-

tional of Hartford, Hinsdale; W. L. Lerch, Grain Association, Chicago.

H. L. Grider, Factory Insurance Association, Chicago, was elevated from the status of esquire to a knight amid weird and colorful ceremonies. The piece de resistance of the occasion grew out of charges against C. M. Cartwright, THE NATIONAL UNDERWRITER, who was elected to membership four years ago but has not been able to be initiated until this year because heretofore he has attended the insurance commissioners con-

vention in New York City which was held at the same time as the Round Table gathering. The charges were made that Neophyte Cartwright had willfully and disdainfully refused to be initiated during the four years and therefore he had sacrificed all his rights to membership. Other serious charges were made against him. It was decided to take the matter to court. A. F. Powrie, Fire Association, president, appointed E. A. Henne, America Fore, as judge advocate general to hear the case. E. M. Griggs, National Board, was appointed prosecutor and R. E. Vernor, Western Actuarial Bureau, was chosen as the defendant's attorney. A prison-

er's dock had been constructed and the accused was forced to sit or stand in disgrace during the trial. The courtroom resounded with boisterous cheers, groans and accusations. It was finally decided to admit the neophyte to membership with the understanding that his conduct hereafter would be in accord with the rules and principles of the Round Table.

Mr. Powrie was reelected president; S. M. Buck, Great American, vice-president; Carl E. Ingram, Great American, secretary-treasurer; C. W. Ohlsen, Sun; R. E. Sellery, Western Adjustment; E. G. Frazier, Springfield, sergeants-at-arms; Clarke Munn, Cook County Loss

## SOUTHERN DEPARTMENT

# 50<sup>TH</sup> Anniversary



You don't have to be an insurance agent south of the Mason and Dixon Line to be interested in this special edition of Fireman's Fund Record. It tells a simple, human-interest story of the modest start, 50 years ago, of a company office in the South which has now grown into a large and successful operation. If you are not acquainted with the Fireman's Fund companies this booklet will prove an ideal introduction. Write to our nearest office today for a copy of the November Record and learn at first hand why agents and brokers all over the country say, "I like the Fireman's Fund way of doing business."



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Adjustment Bureau; R. D. Hobbs and R. E. Vernor, Western Actuarial Bureau, entertainment committee. The oldest surviving charter members next to Mr. Chapman are H. N. Kelsey, who resides at Higganum, Conn., and Preston T. Kelsey, who lives in Southern Pines, N. C., both retired, and both former western managers of the Sun, and W. A. Blodgett, New York City, retired. Mr. Blodgett was formerly assistant western manager of Springfield.

#### MILYNI CLUB HAS XMAS PARTY

Women employees of the Millers National have recently organized into the Milyni Club. Officers are: Ruth Andersen, president; Eleanor Johnson, secretary; Jean Schneider, treasurer; Dorothy O'Meara, social chairman.

Activities have included a Hallowe'en party, a dinner and theater party, and lately a Christmas party, held in the Bismarck hotel.

#### UNDERWRITERS SALVAGE LUNCH

The Underwriters Salvage Company of Chicago gave a luncheon Wednesday at its headquarters for what General Manager Marvin Brownlow called "camp followers." These were representatives of associations not identified with western departments. The joint hosts with Mr. Brownlow were John C. Harding, Springfield F. & M., president; E. A. Henne, America Fore, and H. A. Clark, Firemen's, vice-president.

#### UNION LEAGUE SPEAKER

The January speaker for the insurance membership group of the Union League Club of Chicago will be Clancy D. Connell, New York, president National Association of Life Underwriters. Mr. Connell will be in Denver and will stop in Chicago en route home long enough to address the group. He is manager of Provident Mutual Life in New York City and is a man of dynamic personality.

Last Monday the speaker was Chaplain Paul L. O'Connor of the U.S.S. Missouri. He proved to be one of the most interesting speakers of the year. He related some of the high spots of the

ship's activities around Tokyo and closed with an eloquent plea for sympathy and understanding of the men in service who are returning home. He said that these men above all else would like to talk to some friend or someone who believes in them about their work in the future. One of the chief motives of the people back home should be a thorough understanding of these young men and what they have passed through and realize that their hand is out for a friend.

#### SEVERAL RETURN FROM SERVICE

Several men have returned from service to the R. N. Crawford & Co. agency of Chicago. Clarence L. Leckner, casualty underwriter on leave of absence in the army, has returned from the European theater and has been appointed assistant treasurer to assist D. W. Eggert, vice-president and general manager in handling special risks. He was severely wounded by flak in the Italian campaign as a pfc, and battalion radio operator in the 88th division; was taken prisoner by the Germans, and held in Stalag 7-A at Mooseberg, Germany, for seven months.

William B. Sohm and Albin Pohlman have returned, Mr. Sohm becoming assistant casualty underwriter after service in an army anti-aircraft unit for two years, and Mr. Pohlman becoming assistant fire underwriter after army combat service.

William M. Johnston now is the casualty underwriter.

Crawford & Co., is considerably expanding its office due to increased business.

## COMPANIES

#### Now Home Affiliates Officers

NEW YORK—City of New York, Franklin Fire and Homestead Fire of the Home fleet have appointed Frederick B. McBride vice-president and George E. Stroub T. Morgan Williams and Herbert A. Payne assistant vice-

presidents and secretaries. They already held the same offices with Home.

#### Lafayette Fire Elects This Week

Directors of Lafayette Fire will meet this week to elect a successor to the late John K. Wegmann, who had served as president since 1909.

#### Rearick Now Secretary

Walter R. Rearick, assistant secretary of Travelers Fire and Charter Oak Fire, has been advanced to secretary. He joined the organization in 1916, was trained at the home office to become a branch office cashier and assigned to Worcester, Mass., as assistant cashier. Later he served in the Portland, Me., Omaha and St. Louis offices and then for a time traveled out of the home office. Shortly after Travelers Fire was organized he was assigned to that company in charge of accounting and in 1941 was made assistant secretary of both fire companies.

## NEW YORK

#### FEATURE PREVENTION DEVICES

Risk Research Institute has opened to all interested persons its luncheon meeting Dec. 27 at Town Hall Club, New York, at which protective devices for loss prevention will be featured.

#### CRIST HEADS INSURANCE SECTION

G. W. Crist, Jr., of Fidelity & Deposit was elected chairman of the insurance section of the New York Board of Trade at the annual meeting. Other officers named are: Vice-chairman, Charles S. Ashley, Maryland Casualty; representative on directorate, H. W. Schaefer, H. W. Schaefer Company; secretary-treasurer, G. A. Buckingham, New York Board of Trade.

The executive committee includes W. F. Beyer, Home; A. N. Butler, Corroon & Reynolds; R. S. Choate, American-Associated group; C. D. Connell, Provident Mutual Life; F. N. Dull, Conti-

mental Casualty; W. J. Falvey, Massachusetts Bonding; J. P. Fordyce, Manhattan Life; J. R. Garrett, National Casualty; R. V. Goodwin, Fireman's Fund Indemnity; T. L. Haff, European General Reinsurance; J. E. Lewis, Aetna Life companies; J. J. Magrath, Chubb & Son; Edward McLoughlin, North British & Mercantile; G. R. Michelsen, Hall & Henshaw; E. L. Mulvehill, American Reserve; Arthur Snyder, A. M. Best Co.; M. E. Sprague,



G. W. CRIST, JR.

Home; O. C. Torrey, Marine Office of America; A. A. Quaranta, Marsh & McLennan.

After the meeting, many prominent insurance executives attended the annual reception tendered by the executive committee. Mr. Beyer was given a vote of thanks for his efforts and Mr. Crist was welcomed into office.

#### SEITZ A.I.U. VICE-PRESIDENT

Clayton L. Seitz has been elected vice-president of American International Underwriters Corp. He has been connected with affiliates of the A.I.U. since 1929. From 1936 to 1942 he served as vice-president of American International Underwriters Corp., for the Philippines, Inc., in which capacity he also supervised activities in the Netherlands East Indies. When Manila fell to the Japs in 1942, he and his family were interned in Santo Tomas where they remained until liberated by American forces in 1945.

Mr. Seitz has had extensive marine experience in the foreign field. Prior to his work in the Philippines, he served in various capacities with other A.I.U. affiliated companies in Shanghai, Hongkong and South China territories.

#### AUTO CLAIMS LUNCHEON

With a record breaking attendance, the Automobile Claims Association held a festive pre-Christmas luncheon meeting in New York. Attorney Joseph Greenhill of New York gave a talk on his claims investigation and court experiences.

#### HOME HONORS SIX VETERANS

Six members of the home office staff of Home were tendered a luncheon by the company in honor of their 25th anniversaries with the organization.

The list includes Joseph A. Carruth, who is assistant secretary of Carolina Insurance Co. and in charge of the education department of Home; Mrs. Elizabeth DeYarmon of the loss department; Charles E. Goudreau, control depart-

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## Dunlap & Co. Marks 50th Anniversary

The Dunlap & Co. agency of Atlanta is marking its 50th anniversary this year and has issued a booklet commemorating the event. The agency, now headed by James C. Dunlap, who has just been elected president of the Alabama Association of Insurance Agents, was founded by Edgar Dunlap, his father. Edgar Dunlap had been in the wholesale grocery business before opening the insurance firm.

Old files reveal that the agency has written policies on dogs, horses, cows and elephants; that it paid out almost \$500,000 in 1917 when a conflagration swept Atlanta, and that it has developed through service one of the outstanding businesses in the south.

ment; Miss Keturah L. Frazer of the state tax department; Lester Harned, southern department, and Miss Keturah E. Sniffen of the service department.

Each member of the group was presented a 25-year silver service medal and a framed certificate.

### LT. WARCH RETURNS

Lt. George W. Warch has been released from active duty in the navy after 31 months service and is resuming his position as vice-president of the Associated Mutuals, Inc., New York. He is the son of George F. Warch, vice-president of Merchants Fire of New York.

### RATCLIFFE HEADS BODY

Robert C. Ratcliffe, Newark Fire, was elected president of the Insurance Accountants Association of New York at the annual meeting. First vice-president is John W. Lambie, Royal Exchange; second vice-president, J. M. Donovan, Travelers Fire; executive secretary, Harold K. Jarvis, Pearl.

## Increase in Mortgage Indebtedness Defeats Recovery in Wisconsin Case

The Wisconsin supreme court has held that Integrity Mutual of Appleton, Wis., was justified in denying liability under a farm policy for loss to livestock because the amount of chattel mortgage indebtedness that existed at the time the policy was taken out was later increased without notification to the insurer. The case was Straw et al. vs. Integrity Mutual.

### No Mortgage Clause

The insurer had knowledge that there was a mortgage against the property at the time the policy was issued but no mortgage clause was attached in favor of Northwestern State Bank of Cumberland, the mortgagee. When the policy was issued there was a balance due of \$639 and later the assured executed a new chattel mortgage to the bank on the personal property included in the original mortgage together with additional personal property for \$1,294 and a year after that a new mortgage was given

to the same bank for \$1,300. The value of the additional security in the second and third mortgages was worth about \$1,100. The indebtedness of the prior mortgages was included in each new mortgage given.

The assured contended that the execution of the second and third mortgages did not increase the risk because in each instance there was additional personal property included in the mortgage, keeping the ratio of security as against indebtedness equal in all of the mortgages.

The supreme court stated that the increase of risk or hazard applies to warranties but the provision under consider-

ation is an agreement between the parties, is a part of the policy and binding upon both of them.

The fact that the insurer had knowledge there was a mortgage against this particular property does not permit the insured to obtain a larger loan on the same property and use part of the funds to pay off the existing mortgage and the additional funds for personal use without discharging the insurer. The property is subject to the entire indebtedness under both the second and third mortgages and the same livestock that was subject to the original mortgage of \$639 was subject to the mortgage indebtedness of \$1,300 at the time of the fire.

This makes it a new and independent transaction and would have to be treated as an increased loan on the particular property.

Nathaniel I. D'Amico of Cumberland was attorney for the assured and Edward J. Byrne of Appleton appeared for Integrity Mutual.

Oscar Engelhard, manager of the Engelhard-Krogman & Co. metropolitan supervising agency of Chicago, is bereaved by the death of his mother there following a long illness. The services were held Tuesday, with burial in Eden cemetery.



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Insurance Company,  
of Watertown, N.Y.

## Public Service Attitude Needed to Meet Present Situation

(CONTINUED FROM PAGE 5)

legious. When new ideas have shown their ugly heads they have been met too often by indifference or studied neglect; when they have become insistent, by hostility. Too seldom have they been welcomed and examined sympathetically."

### Three Marked Pressures

At the moment the business of insurance finds itself subject to three marked pressures: broader and more intensive governmental regulation, proposals for governmentally managed insurance, and informed buyer activity, Mr. Blanchard said.

"Major governmental moves are not undertaken without some basis. Once started they may become exaggerated beyond the importance of their cause, but cause there usually is. Sooner or later insurance would probably have been declared to be interstate commerce by the Supreme Court in any event, but the present situation can be traced directly to outmoded practices which were fostered by the divided authority of the individual states. Had the business been

more responsive to changing conditions it might not have found itself challenged. Its response to the challenge is significant. First, it fought to prove that times had not changed since 1868. Second, it sought to avoid the effect of change by having itself declared exempt. Third, it is now attempting to minimize necessary change. One eloquent representative of a group of companies summed it all up by pleading that 'What we want is the status quo as it is now (sic)'."

### In Course of Change

It has been realized for some time by a few minds gifted with imaginative understanding, and is now being suspected by the more "practical" (or short-sighted), that the insurance business is in the course of revolutionary change, Mr. Blanchard observed. The federal-state regulatory situation is only a symptom, though a major one, of that change. The insurance business has quite naturally developed in a competitive atmosphere as a device for extracting profits, in the form of surplus or salary, from the service of carrying risk and from

other incidental services. Unless it is socialized, it will continue to develop. But it is accepted doctrine that this business is affected with a public interest and is therefore subject to restraints and duties beyond those imposed by general concepts of business morality, by general law, and by watchfulness of its clients and their representatives.

### Now Quasi-Public Utility

Insurance was originally sold by individual underwriters on the principle of caveat emptor, perhaps a reasonably satisfactory basis when insurer and insured were part of a small business community and were personally acquainted; when the contract and the hazards covered were simple. But insurance has now become a quasi-public utility serving the greater part of the population in meeting a wide variety of hazards instead of a few enterprisers subject to highly specialized risks.

Regulation of the future, whether state or federal (and if the states do not do a satisfactory job, it will be federal), should be based squarely on the principle of developing the insurance business as a financial tool for the service of the insuring public, Mr. Blanchard declared. The long-run interests of insurers will be properly conserved in the process, but adjustments to changing situations may be temporarily painful because of reluctance and tardiness in making such adjustments in the past. The elimination of indefensible practices that had been made possible by ineffective regulation or varying standards will call for major operations. Not only must organs be removed, but new ones must be created.

### Favors Multiple Charters

One of the first jobs that should be undertaken is an overhauling of statutory provisions granting powers to insurance carriers. The present classification of carriers into life, fire-and-marine, and casualty is an historical accident—its continuance has little justification beyond the convenience of insurance executives. It is one of the principal causes of the inability of insurance carriers to do a thorough comprehensive job for policyholders. Further divisions between lines operate in the same way, though some progress has been made in the direction of breaking down the walls.

A second job is the substitution of principles for detailed directions in the regulatory law and the creation of insurance departments competent to apply principles. Flexible regulation applied by able officials administering well staffed departments makes it possible to meet situations as they arise and avoids technical obstructions to progress. But unless departments are competent and independent, flexibility is dangerous; the two requirements are interdependent.

### Government Cover Viewed

In certain fields insurers are disturbed by the imminence of governmental insurance; in others by its more remote possibility. Some forms of necessary insurance can properly be written only by the government; war damage insurance in time of war, to take a noncontroversial example. There are forms, however, now written by private carriers, or that they might write, that are the subject of controversy. For example, proposals for governmental disability insurance are constantly being made and are finding insistent support.

"It may be admitted that it would be desirable for everyone to have insurance against loss of income and extra expenses incident to disability. Such insurance is being written under a wide variety of contracts by insurers of several types, but it is clear that the need for it extends far beyond its present coverage. Unquestionably, the demand induced by proposals for legislation is a challenge to private insurance. And fulminations against governmental inter-

ference, socialism, and other ideological targets are not an adequate answer. The question is how far can the demand be met and by what method can it best be met. If private insurance is the answer then positive measures should be taken to devise means of meeting it by offering and selling coverage. If the eventual answer is to be some combination of governmental and private insurance, plans should be laid to that end. Unthinking hostility is not wise," he asserted.

### Insurance Bought Blindly

Until comparatively recently, insurance was generally bought blindly, even by large corporations with a reputation for efficiency. Inured had little knowledge of insurance, and the idea of the insurance program as a part of management policy had not developed. Unless a loss occurred there was often no check on the adequacy of insurance. During the 1920's there was a faint stirring of interest in the problems of the insurance buyer. It has developed during the past 15 years until the management of the insurance affairs of many businesses occupies the full time of a specialized insurance buyer. National and local groups of buyers are active in the study and discussion of their problems and give promise of having a real influence over the future of the business.

The lawyer has always been an important factor in insurance, for the basis of the business is the insurance contract, Mr. Blanchard pointed out. Every problem of the insurance business is related to that document. As types of contract have multiplied, and as each has become more complex, the work of the lawyer has increased, whether as drafter, interpreter, or advocate.

### Enlarge Lawyers' Function

The development of governmental regulation has still further enlarged the functions of the lawyer. Insurance commissioners are largely drawn from the ranks of lawyers; the drafting of laws is a lawyer's job; carriers are constantly using the services of lawyers in determining their rights and obligations, as advisers or as representatives before courts and other governmental bodies. The new relationship of the federal government to insurance means more work for the lawyers. There is also the academic lawyer who is student and teacher, and the lawyer turned insurance executive.

When the threat of change has become ominous, the insurance business has turned to the legal profession for advocates and negotiators. And it has had no difficulty in finding them. As an example, Mr. Blanchard cited the recent revision of the New York standard fire policy which has been widely adopted. The revision committee of the National Association of Insurance Commissioners reported in 1936 that "In general the insurers are satisfied with the present policies," but that "Those who are not connected with insurers (including brokers and agents) have expressed considerable sentiment in

favor of revision, showing reluctance, withdrew policy in 1942. It represents earlier for

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favor of revision." In 1937 one group of insurers was reported to be in favor of revision, the major group, however, showing little interest. Finally, and reluctantly, this most influential group withdrew its opposition, and the revised policy was adopted in New York in 1942. It is not an ideal policy, but it represents a great improvement over the earlier form.

#### Now Favor Contract

Throughout, the function of the opposition's legal department was representative rather than creative, and this in a field, that of contracts, where the legal profession might be expected to lead. This same group is now advertising the revised contract as one of its public benefactions, Mr. Blanchard observed.

The development of liability-insurance contracts presents a very different picture. Here lawyers have constantly pressed for improvements in language and coverage to adapt the contract to modern business and personal risks. They have encountered the unwillingness of professional risk-takers to take risks but, aided by threats of state action, they have succeeded in producing and securing the adoption of contracts which go far toward the ideal of complete and automatic coverage.

#### Confession of A. & H. Man

"Recently the manager of an accident and health company writing a highly restricted contract told me that his company was proud of its claims record; that their only controversies with policyholders resulted from the fact that the insured did not understand the contract. He intended this statement as a justification; it seemed to me to be a confession," Mr. Blanchard stated.

#### More Constructive Lines Needed

The future function of the lawyer in insurance should be along more constructive lines than has been the case in the past. If he is to be constructive he must be more than an advocate or a counsellor whose ends are laid down by his employers. He needs to know far more than the law—he needs to understand insurance.

Lawyers who have become insurance commissioners have found it necessary not only to represent the public but to take a creative part in the development of public policy. Unlike insurance executives and the specializing insurance buyer, much of the public does not know what it wants. The insurance commissioner of a state must determine what is best insurancewise for this uninformed, and numerous, segment. If he is conscientious, capable, and interested, he finds himself studying insurance, accounting, and statistics.

#### Companies "Technically Guilty" in N. C. Case

SMITHFIELD, N. C.—Five insurance companies were fined \$50 in Johnston county superior court here after entering pleas of nolo contendere to indictments charging them with violating the state insurance statutes by issuing hail policies which had not been approved by the North Carolina department.

The defendants said that they did not object to submitting their policies for approval, but failed to do so through an oversight, and the judgment in the case states that they were "guilty only of a technical violation" and that there had been "no effort or attempt by the defendants to deceive or mislead assured or the public, or to deprive the commissioner of any knowledge or information."

The indictments were obtained last June by Solicitor Jack Hooks, who said a number of farmers had complained about being unable to collect hail insurance claims.

Century has appointed Midstate Underwriters of Omaha as general agents for fire, automobile and inland marine in Iowa and Nebraska.

## Big N. Y. Carpet Cleaning Loss Mainly Uninsured

NEW YORK—The \$1 million loss resulting from the fire at Sutton Carpet Cleaners, 1219 Oak Point avenue, Bronx, is largely uninsured. The insurance loss on the building will run about \$20,700 and contents coverage, excluding customers goods, will run around \$12,100. Sutton carried a bailees' policy of \$50,000 in Firemen's.

More than 1,500 claims so far have been made for destroyed or damaged rugs under the off-premises clause of dwelling contents policies.

The bailees' customers' policies of establishments sending rugs to Sutton will afford little relief. The basic policy may be in the amount of \$50,000, but the limit of liability when the rugs are not on premises or in transit generally is a fraction of that, and frequently is as low as \$3,000. This nominal amount will afford little relief where a rug cleaning establishment had perhaps as many as 100 rugs in the Sutton plant for processing.

The 2,000 out of 10,000 rugs which were not totally destroyed have been

processed by Underwriters Salvage Co. This organization has notified rug cleaning establishments that sent stuff to Sutton to call for the rugs which can be had for approximately 17 cents a square yard, that representing the charges which had accumulated in the Sutton establishment plus the charges for processing by Underwriters Salvage.

The 10% feature, underwriters point out, exposes the companies to liability in locations and to hazards that can't be underwritten. The average exposure under the contents form is much higher than under the old policy, because various household items are out to be cleaned, laundered, repaired, etc.

#### Am. Reserve Christmas Gift

American Reserve is presenting to its Christmas list an unusually attractive item, it being the publication, "An American Annual of Christmas Literature and Art," edited by Randolph E. Haugan and published by the Augsburg Publishing house of Minneapolis. This is a collection of articles, stories, poetry, photography, art and music of Christmas and runs to 68 pages. The management of American Reserve always strives to get out something at Christmas that will be prized as a permanent possession by the recipient.

## B. G. Getchell Returns to Employers Home Office

After 33 months in service, Barrett G. Getchell, has returned to Employers group in the agency and production department as a home office field supervisor. His activities will be largely concerned with problems of Employers Fire.

Following his graduation from Colby College in 1927, Mr. Getchell attended the first employees' training school and spent several months in the home office of Employers Fire. In 1929 he was transferred to the Philadelphia office as an examiner and in 1937 became manager of the fire and inland marine departments, with supervision over Pennsylvania, Delaware and southern New Jersey.

Mr. Getchell entered the navy early in 1943 and was discharged as a lieutenant last October.

#### Fort Wayne Bank-Agent Parley

The Fort Wayne (Ind.) Association of Insurance Agents met with bank representatives to discuss cooperation in the bank-agent automobile plan. Speakers for the insurance group included Ralph Stogdill and Dallas Waterfield. The "Bank-Agent Auto Finance Plan" film was shown.



## Is insurance behind the 8-ball?

No, insurance is NOT behind the 8-ball! But insurance, in these atomic times, does need friends. Surveys show that nearly everybody has at least one insurance policy, but very few people know how insurance works. Since the agent is the industry's direct repre-

sentative, he is the best man to make friends for it in his community. One way to do this is to push fire and accident prevention the year around, preferably through an association program. Good public relations will keep insurance from behind the 8-ball!



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## Penetration of European Insurance by Axis

A detailed description of the methods used by the Axis countries in the penetration of European insurance was submitted in hearings before a subcommittee of the committee on military affairs of the United States Senate. The problem being considered was elimination of Germany's economic resources for another war.

At the peak of Germany's and Italy's power in Europe, German and Italian insurance companies virtually monopolized the field of insurance. By replacing British and other companies in the reinsurance field and extending their own previously strong position, the Axis reinsurance companies integrated the whole insurance structure of the continent into a powerful instrument of economic control.

These and other findings were submitted by several persons in the foreign economic administration, notably by Henry H. Fowler, director of the enemy branch of FEA, at the subcommittee hearings.

### Dominance of Reinsurance

Through dominance of reinsurance, the Axis companies, closely allied with their governments, were able to take the cream of the insurance business in occupied countries, leaving the inferior risks to domestic companies; double and triple the profits of some Axis companies, and control the investment and management policies of insurance companies in the occupied areas which, in turn, exercised a large measure of control on financial affairs in industrial enterprises.

Because this chain of control rested upon contract rather than property, it will be exceedingly difficult to untangle. Great foresight will be required, according to the FEA, if the positive results of integration are to be preserved: The greatly increased financial stability of the insurance structure and the elimination of its outstanding prewar disadvantage, that is, the narrow national basis of many companies.

Insurance operations are such as to require very different techniques of penetration or exploitation than those employed in other economic sectors. After the initial seizure of British interests and transfer to themselves by German companies, the German and Italian companies did not depart radically from conservative insurance principles. It is fundamental that the capacity to absorb risks is dependent on the spread of the risk in space and in time. In this sense Europe as a whole was a more favorable field for insurance after establishment of Axis domination than in the previous narrow national areas.

### Hesitant to Take Risks

The process of penetration was conservative and slow, it was guided by business principles and was hesitant to take undue risks. There was little interference by other official or military elements. This conservatism in method tended to disguise the enormous efficacy of an insurance monopoly as an instrument of economic power. The power exerted could be exercised through apparent inaction as easily as through positive acts, a refusal or agreement to re-insure equally conditioning a business situation.

At the hearings it was brought out that fire and casualty rates are among the basic conditions of economic life; the power to control them carries the power to favor or penalize any business or area. The effects of this power are never conspicuous and, in fact, are seldom visible.

The technique of penetration was outlined. British insurance interests in the occupied areas were taken over completely by the Germans, and to a lesser extent, by the Italians. Where the Germans were not sure of the quality of a business, arrangements were made for

a tentative and exploratory association. In some countries British agencies continued to function under their own liability but had to reinsure with Axis companies which, when they became acquainted with the nature of the portfolio and were satisfied with the claims experience, took possession of the British business. The dissolution of the remnants of the British company followed immediately.

The forced closing of local companies was usual only for racial and political reasons, and such cases arose in Luxembourg, Alsace and Poland. In all Axis controlled areas domestic businesses were coordinated with Axis insurance interests.

Where risks were bad and claim ratios unfavorable, as in Norway, Denmark and Greece, German agencies were distinctly reluctant to penetrate.

Collaboration on the part of insurance factors, notably in France, assisted the penetration of Axis insurers.

In general, penetration was confined to purely commercial arrangements except where there was a wide infiltration of German and Italian direct operating companies, which then competed with local offices, as in France; where coverage of risks in war industries changed from domestic to German insurers as the result of the change of control of ownership, or wherever large, profitable industrial enterprises remained in local hands, and pressure was exerted by German companies to let them participate in the insurance coverage.

Basically, the Axis allowed only German and Italian companies to share in international business, restricting local companies to local activities.

As British facilities disappeared, the movement of reinsurance to the German and Italian groups was channeled

(CONTINUED ON PAGE 40)

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# POINTERS FOR LOCAL AGENTS

## Reasons Behind Policy Terms Are Analyzed

CINCINNATI—Reasons back of policy terms were analyzed by John S. Hamilton, Jr., American Mutual Alliance, in reviewing problems involved in extending coverages before the insurance section of the American Bar Association here. The introduction of the mysterious disappearance provision in the new residence and outside theft policy has provoked many attempts to define the provision but none of them have been universally acceptable, he said. The most liberal interpretation has, of course, been the most attractive and it would appear that such an interpretation would be forced on all carriers unless some change is made or there is a higher court interpretation. It is believed that insufficient attention has been given to the fact disappearance must be "mysterious" if there is to be coverage. In a great many cases the article is simply lost with no mystery surrounding the disappearance. For example, a loose stone falls out of the ring or the loose ring comes off the finger of the insured who is spending a day at the beach, but, despite the lack of mystery in such disappearance, many claims have been made and it is believed that some have been paid. Such an interpretation results in the alteration of this coverage into carelessness insurance. "Presumed" has been interpreted apparently as if it were "conclusively presumed." While this was not intended originally, it was feared that such an interpretation would result and this interpretation seems to have been accepted generally in the two and a half years this policy has been on the market.

### Why "Caused by Accident"

The words "caused by accident" in the standard provisions for automobile liability policies were previously used in definitions of coverage by almost all companies. Adoption of "caused by accident" was not made with any intention to accomplishing anything more than to indicate that the injuries covered must be caused by sudden, unexpected events which are identifiable in time and place; to indicate that the coverage is not afforded with respect to intentionally-caused harm, whether caused by provable design or by acts or omissions committed or permitted knowing that harm would result; and to permit the use of the word "accident," particularly in provisions relating to notice, limits of liability and policy period, without loss or consistency.

### Might Apply to Injured

Although "accidentally sustained" was considered at the time it was rejected because in certain cases it might be held to apply to the person injured rather than to the insured. It was felt that policies on such a basis might be interpreted to cover all assault cases and other cases involving harm intentionally caused by the insured. "Accidentally caused" was also considered and rejected because of the desire to have the coverage apply to events which are definite in time and place. Mr. Hamilton cited a decision to show the difference between "injury by accident" and "accidental injuries" which led to the adoption of "caused by accident" instead of "accidentally caused."

However, it had come to be recognized in liability insurance that the use of "caused by accident" made doubtful the coverage of injuries resulting from ex-

posure to harmful conditions over a period of time, most companies were interpreting their policies to cover the more obvious cases of this nature, but there were many cases with respect to which questions still existed. The definition of "accident" has generally contemplated an event taking place upon the instant, rather than something which continues, progresses or develops. Injuries resulting from continued exposure to dust, smoke, fumes, heat, cold, or gases, or from continued use of a particular product did not fall within the original intent of coverage of liability policies. To indicate that such injuries, if not intentionally caused, are covered by liability policies may not require a departure from "caused by accident" but it has certainly indicated the advisability of considering such a departure.

### Widely Differing Views

Such departures began sometime ago when certain companies printed policies in which they merely substituted the word "occurrence" for the word "accident." Other companies endorsed their policies in that manner on request of their insured, usually for an additional premium. There have been many widely differing views as to the desirability of general departure from "caused by accident" and as to the effects of doing so in various ways, Mr. Hamilton pointed out.

The use of "occurrence" alone may be carried out in such manner as to provide a policy no different from the "caused by accident" policy. On the other hand, it may result in a policy so broad as to cover harm intentionally caused. In a few states, of which Massachusetts is one, the courts have held that insurance carriers are not liable on non-compulsory liability insurance policies where the insured intentionally harms another. However, other courts have held insurance carriers liable on policies issued to insured who intentionally harmed others and it might be expected that such an interpretation would be accepted by additional courts unless policies are reasonably clear that such coverage is not intended.

It is evident that any replacement of "caused by accident" should provide an equally reliable guide for limits of liability and for applying the policy period provisions to the claim asserted.

### Intentional Harm Viewed

It is believed that insured do not expect their liability insurance policies to protect them from liability for harm done intentionally. Probably liability insurance policies should not cover injuries which result from acts committed or omissions permitted with the definite knowledge that harm would result. Consideration of the effect of this "quasi-intent" must be related also to the fact that no one has for many years questioned the coverage of an automobile liability policy on the ground that the insured knew or certainly should have known that injury would result from his speeding, his failure to stop at a red light or his failure to have his vehicle repaired when the brakes and lights wore out. However, in the field of general liability insurance, the possible consequences of such carelessness or recklessness are somewhat less obvious at times, the results may be visited on a much larger number of innocent persons and are nearly always more serious, espe-

cially with respect to property damage, and there is a greater probability that an act from which little harm was expected might result in injuries of much greater proportions.

### Must Meet Need

Therefore, the problem for consideration has been to extend the coverage of liability insurance policies to the exposure cases, and to such other cases as should reasonably be the subject of insurance, while concurrently affording guides for the application of limits of liability and policy period and giving the companies some protection in avoiding coverage of intentional harm, because most companies have considerable reluctance to rely on public policy for the latter protection, Mr. Hamilton pointed out.

The first revision of the standard provisions for the comprehensive personal liability policy, effective June 1, 1944, attempted to meet this by eliminating "caused by accident" in the definition of coverage for liability insurance, making the policy apply to occurrences during the policy period, basing the limits on an "each occurrence" basis, and defining "occurrence."

### Hazard Not Great

This provision was damned from the start because of its use of "accident" and "accidentally caused" and there was a considerable expression of sentiment that no actual change had been made in the policy or in the coverage despite the explanations to the contrary, Mr. Hamilton observed. It must be recognized that in a personal liability policy, covering only personal activities and residence premises with minor business pursuits, any such change would have little effect on the coverage as the hazards of intentional injury and quasi-intentional injury (by permitting continuous exposure to harmful conditions) are so uncommon as to be almost non-existent.

In that policy the medical payments coverage was kept on a "caused by accident" basis as this coverage does not rest on legal obligations and it was feared, that such an extension with respect to medical payments coverage would result in a multitude of claims which should not be insured under this form of coverage.

### May Need New Approach

This subject has continued to receive earnest consideration by attorneys and underwriters, he said. "It may be that a completely new approach can be developed for some or all of the forms of liability insurance. It is not apparent at the present why there should be any departure from 'caused by accident' on automobile liability insurance policies, but undoubtedly any new statement of coverage that is developed for general liability policies will be adapted eventually to all forms of liability insurance."

The increasing popularity of medical payments coverage in connection with automobile liability and more recently in connection with residence and personal liability, has been a subject of increasing general interest.

For many years all liability policies have carried a provision for the payment of first aid expenses necessary immediately following an accident, regardless of liability. It was obvious that the insured, with a seriously injured person before him after an accident, could not be expected to consult his attorney and his company's claim adjuster before calling a doctor or an ambulance. It was also evident that the early rendition of medical and surgical aid might result in a diminution of the effects of the injury and a consequent reduction in the dam-

## White Collar Men Now Good Prospects

Local agents now find that white collar men as a rule have had their salaries advanced and hence are able to purchase more insurance. Heretofore it has been almost impossible to get a man of this type any raise in salary because of the red tape. It had to be ratified at Washington. Hence many employers simply did nothing rather than go to so much trouble trying to get increases. Now, however, the lid is off and salaries are being increased. Hence they become prospects for different kinds of insurance that probably they have not been able to buy before. Many agents are making a list of their acquaintances of this type, urging them to buy the personal accident policy, the \$1,000 burglary policy or the comprehensive personal liability policy. Agents therefore can make a systematic canvass of these men. Where an agency has a solicitor or a new man these white collar people today are excellent prospects for a house-to-house canvass.

ages to be collected should the insured be liable. This combination of good sense and humanitarianism impelled the companies to cover the immediate or emergency medical aid expenses without requiring the insured to determine his liability.

### Medical Payments Viewed

Medical payments insurance was first added with respect to automobile liability policies as an extension of the immediate medical aid provisions. Since that time, it has been made available as an adjunct to general liability insurance policies, but only in connection with residence premises and personal activities. Most companies have made medical payments coverage an integral part of all of their personal liability insurance, but there has been very little use of the coverage for business risks.

### More Experimentation Needed

Underwriters generally desire more experimentation and more knowledge of the possible effect of medical payments coverage before extending its use generally, Mr. Hamilton pointed out. The determination of a sound rating basis has been given consideration but the difficulty of such determination has been one of the factors influencing caution. Although it has been suggested that business medical payments coverage would spread like a forest fire, if it were offered generally, there is some doubt whether the coverage would be sold widely enough to obtain a satisfactory spread of risks and a reasonable experience. The public relations consciousness of business and industrial concerns might well make this coverage one of the most attractive parts of liability insurance, if it can be offered at a reasonable additional premium. Earnest consideration should be given to the further development of medical payments coverage, not only in general liability insurance but also in automobile liability insurance.

Some experimentation has been conducted rather broadly, with a few companies writing medical payments insurance for schools. Private schools and colleges have provided the best market for this coverage, and the experience has been satisfactory so that the schools which have carried the coverage are firm believers in its desirability. Further experimentation on such limited bases will afford a basis for sound conclusions with respect to the more general use of medical payments coverage in future years.

## EDITORIAL COMMENT

### Regulation of Insurance in England

In view of the possibility that the Southeastern Underwriters Association decision will have the effect of greatly increasing the rigidity of insurance regulation in this country, it is interesting to observe the restraint with which the British approach the problem of effecting desirable reforms in their supervision of insurers. The recent discussion in the House of Commons on the "assurance companies bill" shows clearly that even a socialist government is instinctively aware of the desirability of permitting maximum freedom of action consistent with solvency.

Sir Stafford Cripps, president of the Board of Trade, which has jurisdiction over insurance companies, in discussing the bill emphasized the high reputation of British insurers all over the world and said that "the existing law relies on the principle of the opportunity of freedom of business with publicity of the results." Returns are filed by the insurance companies with the Board of Trade and the information is laid before parliament every year, thus being made available to informed opinion, since publicity is "held to be the best check on unsound underwriting methods." However, experience showed that the board's powers needed strengthening in order to prevent small speculative concerns being started in order to transact the more hazardous classes of business in which they might see a quick profit. Some existing concerns were found to have insufficient financial strength to give the high standard of security that is required.

To American insurance men, who are accustomed to regarding licenses as an integral part of the insurance business, it is enlightening to note that the head of the British insurance regulatory body is reluctant to adopt licensing of companies. There had been a proposal that insurers doing classes of business made compulsory by act of parliament, such as automobile liability, should be controlled by a system of licensing. This proposal would have brought in the great majority of insurance companies, because of their transacting these classes of business, while leaving out of control those concerns not transacting compulsory insurance.

Since the object of the licensing was to insure the maintenance of an adequate standard of solvency with a minimum of outside control, the Board of Trade, in consultation with its insurance advisers, came to the conclusion that the objectives could be substantially achieved "without the attendant disadvantages of a licensing system," by introducing into the act itself standards of over-all solvency with which insurers would have to comply. The assurance companies bill, therefore, requires a margin of solvency for all general insurance business as defined in the bill, that is, marine, aviation, transit, motor vehicle, accident, fire and employers' liability. This margin of solvency is fixed at £50,000 or 10% of the previous year's premium income, whichever is the greater. An insurer not maintaining this standard is deemed to be insolvent.

Sir Stafford pointed out that the board will possess powers of obtaining information and if need be can appoint an inspector to investigate the position of any company. The board's purpose he said is to use its new powers so as to anticipate and prevent any insolvency arising.

Another interesting point about the assurance companies' bill is that it discontinues the requirement for a deposit as a guarantee of solvency and provides for the return of deposits on assurance that the required standards of solvency have been attained. A committee which investigated this question came to the conclusion that while the purpose of accepting a deposit is to discourage unsubstantial and speculative concerns going into the insurance business it is not primarily to the deposit that a policy owner should look for security. Unless enormously increased the deposit would be entirely inadequate as a guarantee. The conclusion was that undesirable concerns could be discouraged by forbidding any concern in the future starting to do an insurance business unless it is incorporated under the assurance companies' act or otherwise, with a paid up capital of not less than £50,000.

A point that is of interest in connection with the agitation for multiple line underwriting in this country is Sir Stafford's comments on segregation of assets. Referring to the earmarking of assets in a particular country for meeting the obligations arising in that country "a method which is followed we believe erroneously, in the case of many countries overseas," he pointed out that if the total resources are pooled they are available to meet an emergency in whatever part of the world it may happen to arise.

The way in which British insurance was able to meet the obligations arising from the San Francisco earthquake and fire is a very good illustration of the efficacy of this principle, he said,

expressing the hope that definite acceptance of this principle by parliament would set an example and do much not only to emphasize the strength of British insurance to foreign clients but also to give a truer understanding of the fundamental principles of the insurance business.

## PERSONAL SIDE OF THE BUSINESS

**Robert L. Hirschinger**, Baraboo, Wis., local agent and a member of the executive committee of the Wisconsin Association of Insurance Agents, has been elected for a third two-year term as a director of the Chicago Federal Home Loan Bank.

**Lt. Col. Samuel A. Berger** of the law firm of Powers, Kaplan & Berger, 90 John street, New York City, has been awarded the medal of the legion of merit for his work in the counter-intelligence division of the air corps.

**C. Dewey Brien**, inland marine adjuster associated with Toplis & Harding of Chicago, was honored by the staff at a party on his 25th anniversary with the firm. He was presented a testimonial and a number of sterling silver gifts. Mr. Brien started in the adjusting business with American Automobile in Chicago and later for a time was connected with the North Adjustment Co. there.

**David M. Martin**, Flint agent, has been elected chairman of the Michigan Democratic state central committee. Mr. Martin served in the legislature, first in the house and later in the senate and was a member of the insurance committee of the latter body.

**Gertrude C. Peterson** has just completed 25 years of service as cashier in the Minneapolis office of Penn Mutual Life. Fellow employees gave a party in honor of her long service.

**Louis**, died from heart disease. He had been in the insurance business in St. Louis more than 40 years.

**Erhardt H. Pirkel**, 73, with the old Farmers of Cedar Rapids and America Fore for 52 years, 47 years as an adjuster, died at his home in Cedar Rapids, Ia., after an extended illness.

### Gilbert A.I.U. Vice-president

A. E. Gilbert has been elected vice-president, fire manager and a director of American International Underwriters. He joined A.I.U. in 1944 after serving as vice-president of Hanover Fire. For two years he has been travelling in Latin America, making extensive surveys of business conditions.

### Fisher Rochester President

The Rochester Field Club at its annual meeting elected Dan L. Fisher, Hanover, president; Frank A. Beugless, Home, vice-president, Chauncey A. Smith, Continental, secretary, J. M. Richardson, Springfield F & M., chairman executive committee, and A. H. Darnell, Automobile; A. C. Kenyon, Aetna Fire, Charles D. Allen, Royal Exchange, and John Thetford, Great American, members of the executive committee.

### Would Up D. C. Benefits 50%

WASHINGTON—Reporting for the insurance committee Washington Board of Trade, Chairman Howard M. Starling told a board meeting last Monday that the National Council on Compensation Insurance estimated that if HR3761, by Rep. Welch, is enacted workmen's compensation rates in the District of Columbia will be increased at least 50% to pay for increased benefits.

## Convention Dates

- Jan. 9. Farm Underwriters Association, Chicago.
- Jan. 18. South Dakota Agents, Huron.
- Jan. 23-25. National Assn. A. & H. Underwriters (mid-year), Lassen hotel, Wichita.
- Jan. 25. American Association of University Teachers of Insurance, Cleveland.
- April 1, 2. Missouri Agents' Midyear, Hotel Statler, St. Louis.
- May 15-17. Insurance Accounting & Statistical Association, Baker Hotel, Dallas.
- April 4-5. Minnesota Agents, mid-year, Minneapolis.
- April 30-May 2. American Association of Insurance General Agents, Biltmore Hotel, Atlanta.
- May 3-5. North Carolina agents, Pinehurst.
- May 12-15. National Assn. Insurance Agents, mid-year, Cincinnati.
- June 23-25. National Association of Accident & Health Underwriters, Denver.
- Sept. 22-26. National Assn. of Insurance Agents, Brown Palace Hotel, Denver.

## DEATHS

**Herman J. Cook**, 65, vice-president of National City Bank of New York and a director of Merchants Fire of New York, Merchants Indemnity, Washington Assurance and North River, died at his home in Madison, N. J.

**Mrs. C. W. Borrett**, whose husband is Iowa state agent of Hanover at Des Moines, died last Saturday. Funeral services were held Monday and burial was at Spencer, Ia.

**Robert Lee Emery, Sr.**, 82, who retired about five years ago as president of Emery & Kaufman, New Orleans general agents, died at his home. Prior to Mr. Emery's association with that firm, he was vice-president of Mechanics & Traders for many years. His son, Robert Lee, Jr., is a vice-president and secretary of Emery & Kaufman.

**Frank M. Cordero**, 42, former Michigan deputy commissioner, died from pneumonia two days after arriving in Puerto Rico, his native island, where he was to have taken a position as manufacturers' representative for several North American firms. Since leaving the department early in 1943, Mr. Cordero had been with Michigan Medical Service in Detroit until recently, when he decided to return to Puerto Rico. Mrs. Cordero also was employed in the department at one time.

**Edward L. Graham**, 71, who operated an agency in the Pierce building, St.

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**Boeckh Appraisal Manual**

One of the appraisal manuals which is widely used is Boeckh's, published by Rough Notes Company at \$6 in connection with the Boeckh Index Calculator at \$3.50. The appraisal manual gives a quick guide to building values for appraisers, architects, contractors, realtors, assessors and insurance agents. The two books have been revised this year.

The calculator tables give local index numbers for any city. Use of the books enables the agent to arrive at the current sound value of various kinds of properties quickly and accurately.



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## Insurance Bar Group Scans Trends of Hour

(CONTINUED FROM PAGE 3)

world was stressed by Mr. Lloyd in his welcoming address. The "common man" or the "little people" need a restoration of ordered society. The legal profession should bring to every man the gospel of his protection, rights, and hopes for the future. Insuring the freedom of the world is its most important purpose, he declared.

Originally planned as a mail program before the lifting of the ban on conventions, the meeting had been arranged originally on a skeleton basis for delegates and governors of the association. The practice of holding round table meetings of former years was dispensed with in preparing the program for the full meeting and all of the papers were presented in the general session.

J. Kemp Bartlett, U.S.F.&G. Baltimore, was appointed chairman of the nominating committee.

R. E. Dineen, New York superintendent of insurance, was unable to give his address at the appointed hour because he was marooned in his train at Syracuse by the snowstorm.

The high spots of the meeting probably were the two papers on public law 15 given by Superintendent Dineen of New York and E. W. Sawyer, New York, which followed one another. Mr. Dineen arrived 19½ hours late and his and Mr. Sawyer's papers were presented consecutively.

The section voted to send copies of both papers to all state supervisory authorities. Henry S. Moser, the chairman, said he had never heard two papers setting forth their subjects so fully, ably and in such thought-provoking fashion, and presenting such a thorough and scholarly discussion of their subject.

The awareness of the life insurance business of its responsibilities to the public is shown by the fact that with

over 70 million policyholders, there are only a few hundred cases of life insurance litigation, Claris Adams, Ohio State Life, president of American Life Convention, asserted. Approving of the more liberal construction by the courts of life insurance contracts, he showed the large drop in cases litigated between 1935 and 1945.

Exculpatory provisions or save harmless agreements, when properly drawn, will be upheld by the courts, C. C. Jones, Concord, N. H., said in discussing this question in connection with lessor's negligence. There is no reason why acts exempting landlords from acts of negligence should be against public policy.

### Permanent Disability

Permanent disability is a proper subject for a declaratory judgment action, H. L. Smith, Tulsa, declared in a comprehensive review of that subject. In 28 states and Puerto Rico a uniform declaratory judgment statute has been enacted and in only seven states has no provision been made.

The papers of Chase M. Smith, A. W. Parnell, J. W. Fletcher, Dr. Sumner Koch J. S. Hamilton, Jr., and C. B. Runkle were prepared for round table discussion and were not given, but will be published in the record of the proceedings.

### Prof. Patterson Honored

Mr. Moser announced that Prof. Edward Patterson, vice-chairman of the section, had been honored with the appointment to the chair of the Cardozo professorship of law at Columbia University.

Frank Noble, manager of American Surety in Des Moines, is celebrating his 40th anniversary in that post. For five years prior to that he was attorney for the company at Eldora, Ia. When he became manager for Iowa in 1905 the premiums for the state were about \$8,000. Now they total \$250,000.

"Planned Salesmanship" by Cousins, the book for accident and health business-getters. \$3 from The National Underwriter.



**I**N solemn memory

of the legions who gave  
their lives... and in  
grateful tribute to them  
and to the millions  
who bravely fought,  
that peace on earth  
might again prevail...

Pacific National sug-  
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that Victory is not the  
end, but the beginning.*

In the difficult days of  
readjustment, let us dis-  
play the same unity  
and determination that  
brought about the de-  
feat of our enemies...  
for each of us must  
share the responsibil-  
ity for America's future.

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## Psychological Deadline More Serious Than PL 15

### Sawyer Sees Danger of Swing of Industry Opinion to U. S. Rule

CINCINNATI—E. W. Sawyer, counsel for the National Association of Insurance Brokers, came out for the principle of filing subject to subsequent disapproval in rating legislation, in the course of his address before the American Bar Association insurance section here. Approval of rates in advance of use would tend to substitute supervision for management, he said.

Filing subject to subsequent disapproval would meet the requirements of public law 15. It allows management more freedom and it is the method of regulation ordinarily used by Congress in the enactment of rate regulation statutes.

Any type of state regulation adequately protecting public interest is all that Congress intended, Mr. Sawyer declared. A type of regulatory law adequate for South Dakota might be much less drastic than one required for New York. There is nothing inconsistent in shaping the degree of regulation to the needs of the various states provided the regulatory law adopted by each state actually protects public interest in that state.

### Favors Insurance Council

Mr. Sawyer suggested that the all industry committee be converted into an insurance council with its membership expanded to include representation of National Association of Insurance Commissioners and of other public interests.

This council, he declared, should be empowered to prepare and adopt a complete plan covering all the problems created by the S.E.U.A. decision and public law 15. It should study every phase of state regulation, formulate a detailed plan for a system of state regulation within the pattern for collaborative regulations set forth in public law 15 and should coordinate its work with the state commissions that are now working upon revision of insurance codes.

Mr. Sawyer made the interesting point that more important than the moratorium deadline in public law 15 is a psychological deadline which he characterized as "the date upon which majority opinion in the business will, if not convinced by adoption of a satisfactory plan that state regulation can and will be made to function satisfactorily in the collaborative pattern, favor and actually seek federal regulation in the area now assigned to the states."

"Change of opinion necessary to bring about that result is less than is generally realized," Mr. Sawyer declared. "A little more of the indecision and fumbling of the last nine months may be all that is necessary."

The speaker said there are those who have become convinced that the magnitude of the task of creating a state regulatory system is too great to be solved by democratic processes in the time available and that it is best to seek federal regulation while there is yet time for the business to have a voice in shaping it.

There must be a detailed plan of suf-

(CONTINUED ON PAGE 34)

## Natl. A. & H. Assn. Program Announced

Tentative Schedule  
Issued for Mid-Year Meet-  
ing in Wichita Jan. 23-25

The preliminary program for the mid-year meeting of the National Association of Accident & Health underwriters in Wichita Jan. 23-25 has been announced by L. P. Crawford, presi-



L. P. Crawford



R. J. Costigan

dent of the Wichita association and convention general chairman and R. J. Costigan, Business Men's Assurance, Kansas City, National Association president, as follows:

### Wednesday, Jan. 23

Welcome addresses—Andrew Schoepel, governor of Kansas, and C. F. Hobbs, Kansas commissioner.

Response, President Costigan.  
Sales Talk, representative of women's division.

Luncheon—Official address by President Costigan.

Luncheon for Women's Division, special program arranged by Mrs. Margaret Olson, North American Life & Casualty, Minneapolis, division chairman.

2 p. m. Managers Session, R. J. Barrett, Occidental Life, Kansas City, chairman.

"Recruiting of Agents," C. W. Cameron, North American Accident, Oklahoma City.

"Training of Agents," Bert A. Hedges, Business Men's Assurance, Wichita.

"Supervising of Agents."

"Financing of Agents."

Leading Producers Round Table, C. B. Stumpf, Illinois Mutual Casualty, Madison, Wis., chairman. "Sales Forum"—to include 4 ten minute discussions.

4 p. m. Joint session. Special sales demonstration, E. W. Welton, B. M. A., Columbus, O.

Question box period.

5-8 p. m. Individual company dinners and open house sessions.

8:30 p. m. "Accident & Health Round-up," featuring entertainment by "The Ark Valley Boys" of radio station KFH and a western "Chuck Wagon" program. Wichita association, host.

### Thursday, Jan. 24

8 a. m. Breakfast meeting. Leading Producers Round Table (executive session.)

9:30 a. m. Accident and health sales congress.

Stewart Walker, manager Mutual Benefit Health & Accident, Philadelphia. John Phillips, field supervisor A. M. Emby agency of Equitable Society, Kansas City, "Selling Group Accident & Health Insurance."

12:15 p. m. Luncheon meeting—speaker to be announced.

2 p. m. Accident and health sales congress continued.

Darrell O. Smith, American Casualty, "Accident Insurance in Aviation."

Frank R. Philpott, leading producer Columbian National Life, St. Louis.

7 p. m. Banquet. Musical program directed by Dean Thurlow Lience of the University of Wichita, composer of famous Indian music including the well known "Waters of Minnetonka."

Address, Jeff Williams, Chickasha, Okla., "Security With Freedom."

### Friday, Jan. 25

9:30 a. m. Closing business session. Individual company luncheons and

## N. Y. Modifies Appleton Rule

Allows Foreign Insurer to  
Write Unhazardous Line  
Beyond N. Y. Borders

NEW YORK—Making use of the rarely invoked discretionary clause in the section of the New York law embodying the so-called Appleton rule, the New York department has informed Employers Liability that there is no objection to its writing the personal property floater in those states which permit casualty companies to write the P.P.F. The same applies to American Employers.

The department's letter, signed by Deputy Raymond Harris, points out that the Appleton rule, now embodied in subsection five of section 43 of the insurance law, was designed to protect the public of New York by requiring that insurers doing business in the state shall not expose their assets to ruin by the doing of kinds or combinations of kinds of business outside of New York which are deemed too hazardous for New York companies.

### Finds P.P.F. Not Hazardous

"After giving the matter careful consideration and consulting with Superintendent Dineen, it is the department's opinion that the risk under a personal property floater is not of such hazardous character as was intended to be guarded against under the Appleton rule," the letter continues. "Accordingly, it is our conclusion that the writing of the personal property floater by your companies outside of the state of New York would not be prejudicial to the best interests of the people of this state."

"In order to avoid any misunderstanding, I should state, notwithstanding the decision of the U. S. Supreme Court in the S.E.U.A. case it is our position that the statutory provision quoted above is a valid exercise of state power in the matter of licensing foreign and alien insurers."

The department's decision has generated much speculation as to what developments will follow. It appears to open the door to all casualty companies wishing to write the P.P.F. and having the charter power to do so. It also seems likely to do the same for full coverage automobile and full coverage aviation by casualty companies, since it could hardly be argued that either of these is substantially more hazardous than the P.P.F.

### Domestic Casualty Squawk

Since the decision puts the New York domiciled casualty companies at a disadvantage in all states where their out-of-state competitors can write the P.P.F., there is sure to be a vehement demand for legislation at Albany broadening domestic casualty companies' charter powers and relaxing the law restricting writing powers. At a meeting some weeks ago of the New York domiciled stock fire and casualty companies, American Surety was the only one favoring multiple line underwriting. However, that was when breaching of the Appleton rule via the courts seemed a fairly distant possibility.

(CONTINUED ON PAGE 40)

"Roundup" sessions are being scheduled following adjournment. Companies are to make their own arrangements or through their Wichita representatives.

Advance registrations are reported by Chairman Bert H. Clifton as exceeding expectations and those yet desiring reservations are urged to communicate immediately with Mr. Clifton, 816 Bittling building, Wichita.

## Fight at Cincinnati Over Federal Air Liability Question

### George W. Orr Bucks Committee, Blasts Effort to Rob States

CINCINNATI—A battle broke out in the American Bar Association insurance section meeting here on the question of federal liability legislation with regard to aviation. George W. Orr, director of claims of U. S. Aircraft Insurance Group, made a double barreled assault on the principle of such legislation in general and against bills now pending in Congress in particular. He gave a speech on the subject and also appended a lengthy dissent to the report of the aviation insurance law committee, which endorsed the idea of federal liability legislation.

Mr. Orr, in his speech, expressed strong distaste for what he said is persistent pressure to enact federal liability legislation with sole regard to aviation.

### Sources of Pressure

The pressure, he attributes to the tendency to concentrate more and more power in the central government; to those who are mystified by the complexity of the law and want a single source of law that can be understood without the aid of lawyers, and to the influence of lawyers who apparently accept the arguments advanced without considering the implication of this radical departure from established law.

Both sides of the question should be considered, not alone with reference to the effect on aviation but its more profound effect upon the public, the state and many forms of business, particularly surface transportation and insurance.

Mr. Orr voiced the belief that such legislation is detrimental to the public interest and to aviation. When liability is arbitrarily imposed, even to the limited extent of shifting the burden of proof, it is essential to limit the amount of recovery to keep the increased cost of such liability within economically practicable limits. Due to the high level of earnings and dependency of the average airline passenger, such limits are likely to do an injustice. Frequently a practicable limit of recovery will not properly cover the meritorious claim and the public with a legitimate claim is sacrificed for the benefit of those whose claims could not stand on merit alone.

It will, he predicted, increase the cost of damage claims as compared with present standards under existing law and is detrimental to aviation because it sets aviation apart from other transportation, applying a different standard of liability to that applied to competitors.

These arguments, Mr. Orr stated, do not affect the desirability of a treaty involving international transportation, as other factors which outweigh the disadvantages must be considered.

### Robbing the States

The type of legislation to which Mr. Orr takes exception deprives the state of the right to control the happenings within its borders and vests such right in the federal government. If it can be done for aviation, principally on the

(CONTINUED ON PAGE 35)

## Inventory Shortage Claims Present Difficult Problem

CINCINNATI — If an inventory shortage is caused by the theft, misappropriation, or other dishonest acts of a bonded employee the loss may be covered by fidelity bond but such a loss is not ordinarily covered when caused by other factors not involving the dishonesty of a bonded employee, George C. Bunge, Vogel & Bunge, Chicago, pointed out before the American Bar Association's insurance section here. As possibilities of inventory loss not attributable to the dishonesty of any employee is virtually limitless, the difficulty lies in determining whether and to what extent a given inventory shortage is caused by dishonesty, Mr. Bunge pointed out. As some discrepancies between the inventory records and the actual count of merchandise is normal in most businesses, shortage claims are usually confined to cases where there is a large discrepancy. In such cases it does not necessarily mean that an employee has been dishonest and furthermore a minor dishonest act does not necessarily mean the employee misappropriated all or any substantial part of the shortage. In such cases it is difficult to determine definitely the extent the dishonesty of bonded employees has contributed to the particular inventory shortage for which reimbursement is claimed.

### Difficult Cases

In many cases confessions as direct evidence of dishonesty are not available and the claimant relies entirely upon proof of the existence of the inventory shortage and of circumstances which are claimed to indicate that it must have been caused, in whole or in part, by the dishonesty of some employee or employees. These are difficult cases from the standpoint of the insurer, Mr. Bunge pointed out.

In inventory shortage claims based wholly on circumstantial evidence, the courts have recognized and have consistently held that speculation and conjecture are not the same thing as legal proof. The insured is not required to identify the individual defaulter, when all his employees are covered by a modern blanket or position bond but he must still establish that the shortage was caused by the dishonesty of one or more of them, and produce some evidence tending to exclude the possibility that it may have been due to an error, mistake or outside thievery. Under a schedule bond the specific defaulter must be identified.

A review of court decisions indicates that it is literally impossible for the insured to demonstrate by circumstantial evidence alone that a particular inventory shortage was caused by the dishonesty of an employee or employees.

### Not Usually Clear Cut

There is little question as to the surety's liability, the employee's dishonesty and the extent of the loss, if it is fully established by direct evidence, although such a simple and clear cut situation seldom occurs in inventory shortage cases, Mr. Bunge said. Direct evidence in such cases ordinarily consists of the testimony of some store-detective or shopping service agent who has caught an employee in some small misappropriation; the testimony of customers or other persons who have direct knowledge of a few such transactions; receipts or similar documents signed by the accused employee, and admissions or confessions.

### Up to Jury

Direct evidence often covers only a small part of the inventory shortage for which reimbursement is claimed, thus creating a very difficult problem for the surety. The few authorities on this point seem to indicate that such evidence is sufficient to make the extent of the loss attributable to the dishonesty

of the employee a question of fact for the jury.

It often happens that an employee confronted with indisputable evidence of one or a few small peculations, will sign a statement to the general effect that he has stolen some large round sum over a considerable period of time but is unable to recall specific dates, amounts and items. From the surety's point of view such evidence is unsatisfactory because store detectives and shopping services have been known to wax over-enthusiastic in these matters and the employee who has fallen into their clutches is in no position to quibble. The surety may feel quite certain that the peculations of this particular employee did not in fact amount to the sum stated, but there is literally no way to verify or disprove the claim as long as the total inventory shortage is sufficient to cover it. So-called confessions of this character are often unreliable and definitely suspect and unsatisfactory to the surety. The general rule of law is that admissions or confessions of a bonded employee are not admissible in an action against the surety alone, unless they are contemporaneous with the dishonest acts or made in the performance of duties for which the surety is bound and during the currency of the bond. If the bond is a joint bond and the employee himself is a party to the suit, many courts hold that his subsequent confessions are admissible without restrictions, but under modern bonds the employee is seldom a party to the suit.

### Modern Clause Viewed

The standard modern insuring clause which indemnifies the employer against the loss of money or property through the dishonesty of his employees "including that part of any inventory shortage which the insured shall conclusively prove has been caused by the dishonesty of any employee or employees," has been the subject of much controversy. It is clear that this clause does not operate to extend or enlarge the coverage of the bond and it seems obvious that the purpose and intent of the clause is to limit or restrict the coverage in cases of inventory shortage, Mr. Bunge pointed out. In other words, the clause is patently designed to require a higher degree of proof with respect to inventory shortage.

(CONTINUED ON PAGE 36)

## Warsaw Convention Rules Increase in Importance as Air Travel Grows

The importance of the Warsaw convention in interpreting the liability of air carriers operating between the United States and foreign countries is reflected in several cases that have come to a head in 1945. George W. Orr, director of claims of U. S. Aviation Underwriters, stated in his talk at the insurance section of the American Bar Association in Cincinnati.

Perhaps the most significant case was Wyman vs. Pan-American, involving the death of a passenger in 1938 on a passage contract from San Francisco to Hong Kong. The plane disappeared between Guam and Manila, over the high seas.

### Limits Recovery to Convention

The carrier claimed that the passage was subject to the Warsaw convention, and U. S. Aviation Underwriters immediately offered to pay the maximum limit of liability. This was refused and the case was tried in the New York state supreme court. The court held that the flight was subject to the Warsaw convention and that recovery was limited to the U. S. equivalent of the limit provided therein, approximately \$8,300. The

## New Bituminous Chief in Business 25 Years

H. H. Cleaveland, Jr., the new president of Bituminous Casualty and Bituminous Fire & Marine of Rock Island, Ill., has been in the insurance business since joining the H. H. Cleaveland agency of that city in 1920.



H. H. Cleaveland, Jr.

He has been vice-president of Bituminous Casualty for the last 10 years and also has been vice-president of the fire and marine company since it was organized three years ago. Mr. Cleaveland's father, a leader in Rock Island's civic and business affairs as well as in insurance, was advanced to chairman in the official re-arrangement.

## Tulsa Company to Move to Dallas

DALLAS — Insurers Indemnity is moving here from Tulsa as soon as office space is available and another Oklahoma company is expected to follow suit, according to Commissioner Butler of Texas.

In commenting upon the Texas vs. Oklahoma tax argument, Mr. Butler declared "Texas very definitely has the more attractive tax system and Oklahoma insurance men have told me that the differential is an inducement to move to Texas."

While the Dallas Chamber of Commerce has long claimed Dallas as being the fourth most important insurance center in the United States, Commissioner Butler says that Dallas now ranks third as a home office center, with only New York City and Hartford surpassing it. He says that shortage of housing and office space is now delaying many companies from moving their headquarters to Dallas.

### Mutual on Agency Basis

Motor Carriers Mutual of Des Moines has changed from direct writing to the agency basis. Earl Eldridge of Indianapolis has been named special agent for southeast Iowa and Phil Burch of Des Moines special agent for eastern Iowa.

## Air Independents' Problems at Chicago Meet

Farm Bureau companies must wake up and see that they are not forced into a national rating bureau under legislation arising out of public law 15, A. E. Richardson, manager of Illinois Agricultural Mutual, told the insurance conference of the American Farm Bureau Federation at a panel discussion this week.

Insurance is too much regulated now and the mutual and independent companies face a big problem today if they find themselves grouped with all other companies under some national setup, Mr. Richardson said. He declared that the independent companies, although having arrived at some degree of organization under the all-industry committee, are not sufficiently strong to state their case properly, and they must achieve some further degree of unification.

C. W. Leftwich, secretary Farm Bureau Mutual Automobile of Ohio, said that the government plan to eliminate rating monopolies is resulting in new and stronger rating monopolies under the guise of state regulation. Those which have already gone into effect, he said, are costing Farm Bureau companies a great deal in expense and labor to revise their policies and forms in order to conform with new laws. He maintained that such a situation can be met only by strong and unified pressure.

Thirteen state Farm Bureau companies were represented at the meeting, which was held to review Farm Bureau insurance and air the problems facing it today. John T. Casey, newly appointed director of insurance for the American Farm Bureau Federation, presided. The members resolved to hold annual conferences and voted to meet next March to discuss federal and state legislative problems. Another possibility for discussion next March will be the adoption of a standard casualty policy for the Farm Bureau companies.

Vern Holland, assistant manager of Farmers Mutual Reinsurance of Illinois, said that Farm Bureau fire companies can start in any state and easily meet local competition. He mentioned that Alabama and Indiana are now organizing fire companies and that they will find that they have a ready-made clientele.

Carl Petersen, actuary Illinois Agricultural Mutual, emphasized the advantage of a continuous renewable policy which simplifies acquisition and by so doing helps in maintaining a lower rate.

Mr. Peterson reviewed the history of Farm Bureau casualty insurance in the various states.

## Casualty Executives Assn. Host to Insurance Press

NEW YORK — Insurance newspaper men of New York City were guests of the Association of Casualty & Surety Executives at the annual luncheon for the press which was inaugurated by the association's former general manager, Claude Fairchild.

General Manager Dewey Dorsett welcomed the guests in a brief talk, expressing the association's appreciation of the work of the papers. Besides insurance and daily newspaper men and women there were present a number of prominent casualty executives, the association's executives and staff members.

On motion of Executive Vice-president F. A. Christensen of Fidelity & Casualty there was a rising vote of appreciation by the company men and by newspaper men to the bureau executives and staff.

The Seattle Accident & Health Managers' Club will hold its Christmas get-together Dec. 28.

(CONTINUED ON PAGE 36)



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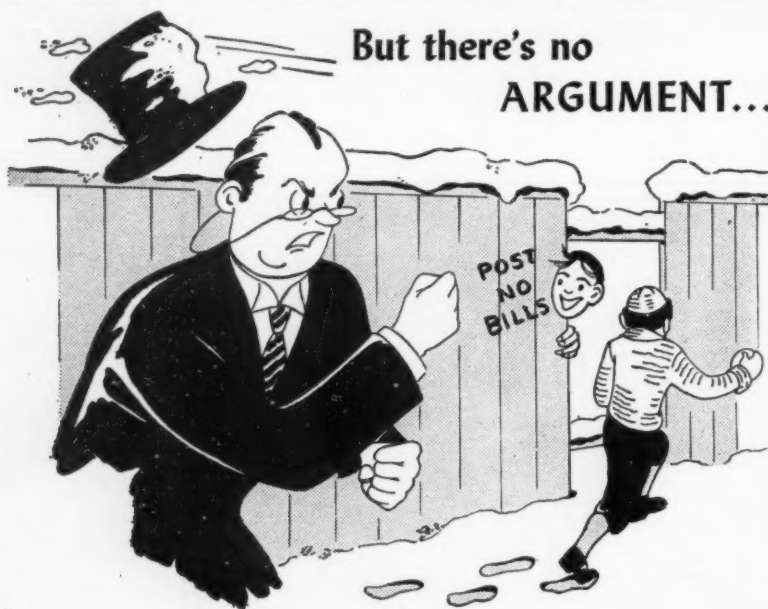
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## ACCIDENT AND HEALTH

### A. & H. Bureau Gets Set for Legislative Work

At the final session of the annual meeting of the Bureau of Accident & Health Underwriters, the governing committee was authorized to represent the bureau on all matters pertaining to legislation in any state and to appoint representatives to act for it and represent the bureau.

J. F. Follmann, Jr., bureau manager, and Logan Bidle and Berkeley Cox of Aetna Life were empowered to represent and vote for the bureau on the all-industry committee.

Reporting for the statistical committee, R. H. Keffer, Aetna Life, said in connection with compiling aviation experience that the Department of Commerce has had available a substantial amount of data on commercial and private flying. It is probable that the government data will continue to be the best source of information about aviation hazards for some years, but a system has been established under which member companies can report their aviation claims to the bureau. These will be compiled by the statistical committee and as soon as any significant results can be obtained a report will be made to the bureau members.

### Utah Club Christmas Party

SALT LAKE CITY—The Utah Accident & Health Club held a Christmas party in lieu of its regular monthly meeting.

D. C. Stephens, Security Life & Accident, former president, gave a history of the club and some of its outstanding achievements since it was organized in 1930. President C. A. Thomas, North American Accident, announced that Walter M. Jones, Business Men's Assurance, had been chosen for another year, chairman of the group's executive committee. He also called attention to the club's new publication, "Utah A. & H. Club Bulletin," with Parley Woolsey, secretary, as editor. He urged the members to lend support in making the publication a success.

The San Francisco Accident & Health Managers Club held its Christmas season luncheon Dec 13.

### Move to Boost B.M.A. Capital to \$2 Million

KANSAS CITY — Stockholders of Business Men's Assurance are scheduled to meet Dec. 21 to authorize an increase in the capital from \$1 to \$2 million. It also is proposed to declare a stock dividend of "not less than 90% nor more than 100%." Funds for the increase in capital will come from surplus.

### New Chairman of A. & H. Bureau

Election of Secretary Ray L. Hills of Great American Indemnity as chairman



R. L. Hills

of the governing committee of the Bureau of Personal Accident & Health Underwriters comes as a culmination of many years of active service in the bureau. During that time he has served on the governing committee and the manual committee, the underwriting committee and the press committee and hence is well qualified for his new duties. In his new role he will have many new problems to face, not only because of the more complex conditions facing the accident and health business in the post-war years but because the bureau is expanding its activities.

Mr. Hills was born in East Hartford, March 21, 1888 of New England ancestry. He now lives at Darien, Conn. Entering the accident and health business in 1904 in the home office of Travelers, Mr. Hills has been in the accident and health field ever since.

From 1907 to 1911 he was personal assistant to the late Bertrand A. Page and in 1911 entered the underwriting department, being trained under John E. Ahern and Wyckoff Wilson, present head of Travelers' accident and health department. In 1923 Mr. Hills left Travelers to establish the accident and health department of Central West Casualty of Detroit, and in 1926 went to New York City to organize the accident and health department of Great American Indemnity, which department he still heads.

Mr. Hills has specialized in standard provision laws and in insurance department findings since 1910 and has written several papers on both subjects, and for 10 years lectured on accident and health insurance at Columbia University. He has served as president of the Accident & Health Club of New York, 1933-1934.

Mr. Hills is known in private life for his drawings and etchings of fishing and outdoor life.

### Cal. C. of C. Warns of Compulsory Costs

SAN FRANCISCO—James Musatti, general manager of the California State Chamber of Commerce, has issued a public statement urging the people to go slow on adoption of any form of compulsory health insurance scheme. The statement was based on an exhaustive study of the problem.

"It is obvious from our study," the statement said, "that health insurance plans thus far submitted would cost far in excess of the proposed 3% tax.

"It appears that for the incomplete type of coverage proposed at the last

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THE most revered of all birthdays bears even greater significance this year—our first peacetime Christmas in four long years.

Out of the fear, the sorrow and the anguish of a war that in some direct or indirect way touched all our lives, all of us have gleaned a better understanding of our destinies . . . a clearer meaning of our friendships . . . more sincere sympathy for our fellowman . . . a higher idea of service to our communities . . . a more generous concept of loyalty and a greater appreciation of the real joy of helping others.

This Christmastide we all share a great feeling of

thankfulness. We have suffered much—yet have been spared much. Now we know that no problem is too difficult—no obstacle too big—certainly no sacrifice too great, when our goal is the preservation of the true spirit of Christmas.

With this knowledge we can go on to bigger and better things, newer, greater joys, and a higher, finer way of life.

For you and for yours, it is our sincere wish that you find the days ahead filled with health and happiness—and that each dawn brings you closer to the goal—"Good Will Toward Men."



E. M. MORRIS, PRESIDENT

HARRY H. ERDMANN, EXECUTIVE VICE PRESIDENT

THOS. F. SHORTALL, VICE PRESIDENT & SUPT. OF AGENCIES

session of the legislature, the bare cost of medical treatment will approximate 4.5% of total salaries and wages of persons covered.

"Even this figure does not take into account administrative costs to the state of setting up and operating such a plan. The figure is low, because people in the lower age groups who are now spending less for medical attention than those with higher incomes will be afforded the same coverage, thus making the cost to the state the same for all wage groups."

The California Medical Association has announced that it is accumulating a

fund of \$100,000 to advertise and publicize the advantages of a full voluntary system of health insurance in California.

#### Name Blue Cross Press Agent

MILWAUKEE—William H. Truax, Jr., of Cleveland, has been appointed public relations director of the Associated Hospital Service of Milwaukee, which recently entered into an agreement with the Milwaukee County Medical Society to handle the sale and promotion of its surgical care plan in conjunction with hospitalization.

## COMPENSATION

### Study Question of Street Accidents

W. C. Ropiequet of St. Louis gave a valued paper at the meeting of the insurance section American Bar Association at Cincinnati, on "Street Accidents Compensable Under Workmen's Compensation Acts."

After warning that conclusions drawn

from as conflicting a labyrinth of decisions as those dealing with street accidents are difficult to arrive at and hazardous to announce, he declared it may be assumed rather definitely that ordinary street accidents to employees, required by their work to be more or less regularly on streets and highways, will be held to be compensable, especially if they are traffic accidents. This, he said, is a reasonable trend but it has been carried to extremes in some jurisdictions.

In cases of street accidents to employees sent by the employer on special missions and not regularly working on the street, the trend has been to recognize such cases as compensable. He said it is difficult to see where the employment has increased the hazard of street accidents in such cases except on the theory that the employee would not be there at the time but for the employment. If the mission be for both personal and business reasons, the better rule, he declared, is that, if it would not have been undertaken except for the business, it is compensable; otherwise not.

There has been no tendency to change the general rule that street accidents going to or returning from work are not compensable. The exceptions to this rule are where the accident occurs on the premises of the employer or on a road so under his control or use as to be constructively a part of the premises; where the trip to or from work is accompanied by a substantial business mission for the employer; where by agreement, the employer undertakes the responsibility of transporting the employee to or from work which excludes occasional accommodation rides and in a minority of states where the accident occurs near enough to the plant to be termed within a zone of employment.

### Governor Defends Operation of Ark. Compensation Act

LITTLE ROCK—Governor Laney has taken issue with current criticism of the workmen's compensation act by releasing records of the Arkansas compensation commission's docket for the first 10 months of 1945. He reported that out of 420 cases which were contested and on which the commission handed down an opinion, 294 were allowed and 126 denied. The commission handles about 35,000 claims each year, 97% being settled without contest.

"I have heard some protests about the law, but I am convinced it is a good one and that extreme fairness is being exercised in its operation," the governor said.

"The workmen's compensation act has strengthened the confidence of industry in Arkansas and has been beneficial to the workers. Our law is a composite of the best features of similar acts in other states. In addition, our average payments are higher than the general average in the other 46 states which have a compensation law," the Arkansas chief executive commented.

### Sparling Opposes D. of C. Longshoremen Amendments

WASHINGTON—Howard M. Sparling, chairman insurance committee Washington Board of Trade, submitted a two-minute report to the board on pending legislation in the compensation field. He spoke on the several bills amending the federal longshoremen's and harbor workers' compensation act and the District of Columbia workmen's compensation act which, he said, if enacted, would impose additional financial burden on employers in the District.

He declared that the most objectionable of these bills is the one which provides, among other things, increased maximum weekly compensation and disability from \$25 to \$30 and a minimum of \$15 per week for total disability, as against the present \$8 weekly requirement, and newly provides for the establishment by the commission for each compensation district of schedule of minimum fees and charges for medical treat-



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ment and care, the amounts payable by the employer to be no less than the fees charged thereby; and gives to the injured employee unlimited selection of physician.

It is estimated by the National Council on Compensation Insurance that if this bill is enacted workmen's compensation rates in the District of Columbia will be increased at least 50% to pay for the increased benefits.

In addition, he asserted, decision of the United States court of appeals in the National Homeopathic Hospital Association case might result in an increase in workmen's compensation insurance premiums paid by employers in the District and have a deterring effect on the employment of disabled veterans in private industry within the District, if appropriate legislation is not introduced.

#### Hearing on Minnesota Increase

ST. PAUL—At the hearing on the proposals of the Minnesota compensation rating bureau for an overall rate increase of 4.8%, the increase was opposed by representatives of employer groups and labor organizations. They argued that the companies have been making "good money" for several years. William Oppenheimer, attorney for the rating bureau, conceded that the companies have been making money in recent years but said the pendulum will swing the other way. He insisted that since 1922 compensation profits in Minnesota have averaged only \$44,000 a year.

The rating bureau contends the increase is necessary to offset the increased benefits allowed under a new Minnesota law. General Manager J. F. Reynolds said that if it had not been for this law, the companies would have proposed a 2.5% decrease for 1946.

## CHANGES

### Pabst in N. Y. Spot for F. F. Indemnity

Comm. John Pabst of the navy has rejoined Fireman's Fund Indemnity, assuming new duties as assistant manager of the agency department with headquarters at New York. He will assist in the company's postwar development program.

Pabst joined Fireman's Fund in 1930 and served as manager of the mid-western division at Chicago until Oct. 1,



JOHN PABST

1941. On that date he reported for active duty in the navy and served continuously for 50 months.

He served at home and abroad, having recently returned from the Pacific where he was attached to the staff of the com-

mander of the 7th amphibious force. He also served in the navy in the first war, as an enlisted man and subsequently as an engineering officer.

Prior to joining Fireman's Fund he was manager at Chicago for Indemnity of North America.

### Am. Auto Converts Hartford, Newark, Providence, Buffalo Units to Branch Offices

The service offices of American Automobile-Associated companies at Buf-

falo, Hartford, Newark and Providence are being elevated to full branch office status.

The staffs at these offices, which have heretofore reported through the New York branch, will now be expanded, with complete underwriting, claims and other service authority and will report their business direct to the head office.

The New York branch will henceforth concentrate on its development program for metropolitan New York and its service offices at Albany and Syracuse.

The new branch at Buffalo will be under the direction of Carroll E. Mavis as manager. Mr. Mavis has been with the company since 1935. He was manager

at Kansas City from 1939 until 1944 and lately has been at Detroit.

The Hartford office will continue under the direction of Hugh R. Henry as manager.

R. W. Clarke, a veteran of the New York branch organization, has been appointed manager at Newark.

The Providence manager will be Rowland A. Crowell. He has been in charge of the former service office there as supervisor for several years.

### Uptdike Joins Mass. Bonding

NEWARK—Clayton Uptdike, who has been with Commercial and Metropolitan



WE TAKE PLEASURE IN ANNOUNCING THAT EFFECTIVE JANUARY 1, 1946

## FIRE ASSOCIATION OF PHILADELPHIA PHILADELPHIA, PENN.

will become a Member, and the

## LUMBERMEN'S INSURANCE COMPANY THE RELIANCE INSURANCE COMPANY PHILADELPHIA NATIONAL INSURANCE COMPANY

will become Associate Companies of the

## UNITED STATES AIRCRAFT INSURANCE GROUP

(EST. JULY 1, 1928)

which will then be composed of the following companies:

### FIRE MEMBERS

Aetna Insurance Co., Hartford, Conn.  
Agricultural Insurance Co., Watertown, N. Y.  
Automobile Insurance Co., Hartford, Conn.  
Boston Insurance Co., Boston, Mass.  
Camden Fire Insurance Association, Camden, N. J.  
Fidelity & Guaranty Fire Corporation, Baltimore, Md.  
Fire Association of Philadelphia, Philadelphia, Penn.  
Hartford Fire Insurance Co., Hartford, Conn.  
National Union Fire Insurance Co., Pittsburgh, Penn.

New Hampshire Fire Insurance Co., Manchester, N. H.  
North River Insurance Co., New York, N. Y.  
Phoenix Insurance Co., Hartford, Conn.  
Providence Washington Insurance Co., Providence, R. I.  
St. Paul Fire & Marine Insurance Co., St. Paul, Minn.  
Springfield Fire & Marine Insurance Co., Springfield, Mass.  
Travelers Fire Insurance Co., Hartford, Conn.  
United States Fire Insurance Co., New York, N. Y.  
Westchester Fire Insurance Co., New York, N. Y.

### ASSOCIATE FIRE COMPANIES

Allemania Fire Insurance Co. of Pittsburgh, Penn.  
Anchor Insurance Company, Providence, R. I.  
Atlantic Fire Insurance Co., Raleigh, N. C.  
Birmingham Fire Insurance Co. of Penn., Pittsburgh, Penn.  
Central States Fire Insurance Co., Wichita, Kan.  
Charter Oak Fire Insurance Co., Hartford, Conn.  
Citizens Insurance Co. of New Jersey, Hartford, Conn.  
Connecticut Fire Insurance Co., Hartford, Conn.  
Empire State Insurance Co., Watertown, N. Y.  
Equitable Fire & Marine Insurance Co., Providence, R. I.  
Granite State Fire Insurance Co., Portsmouth, N. H.  
Lumbermen's Insurance Company, Philadelphia, Penn.  
Mercury Insurance Co., St. Paul, Minn.  
Michigan Fire & Marine Insurance Co., Detroit, Mich.

World Fire & Marine Insurance Co., Hartford, Conn.

Minneapolis Fire & Marine Insurance Co., Minneapolis, Minn.  
New England Fire Insurance Co., Springfield, Mass.  
New York Underwriters Insurance Co., New York, N. Y.  
Northwestern Fire & Marine Insurance Co., Minneapolis, Minn.  
Old Colony Insurance Co., Boston, Mass.  
Philadelphia National Insurance Company, Philadelphia, Penn.  
Piedmont Fire Insurance Co., Charlotte, N. C.  
Richmond Insurance Co. of New York, New York, N. Y.  
Sentinel Fire Insurance Co., Springfield, Mass.  
Southern Fire Insurance Co., Durham, N. C.  
Standard Fire Insurance Co., Hartford, Conn.  
Standard Insurance Co. of N. Y., New York, N. Y.  
The Reliance Insurance Co. of Philadelphia, Philadelphia, Penn.  
Twin City Fire Insurance Co., Minneapolis, Minn.

### CASUALTY MEMBERS

Aetna Casualty and Surety Co., Hartford, Conn.  
American Surety Company, New York, N. Y.  
Century Indemnity Co., Hartford, Conn.  
Hartford Accident & Indemnity Co., Hartford, Conn.  
Maryland Casualty Co., Baltimore, Md.

United States Fidelity & Guaranty Co., Baltimore, Md.

Massachusetts Bonding & Insurance Company, Boston, Mass.  
New Amsterdam Casualty Co., Baltimore, Md.  
Standard Accident Insurance Company, Detroit, Mich.  
Travelers Insurance Co., Hartford, Conn.  
Travelers Indemnity Co., Hartford, Conn.

### ASSOCIATE CASUALTY COMPANIES

New York Casualty Company, New York, N. Y.

Standard Surety & Casualty Co. of N. Y., New York, N. Y.  
United States Casualty Company, New York, N. Y.



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Casualty nearly 19 years as underwriter, has joined the Newark branch office of Massachusetts Bonding as underwriter. He succeeds George McCuskey, who has gone with Hartford Accident in Newark.

### Houston Am. Surety Okla. City Manager; Roleke V. P.

Herman J. Roleke, branch manager at Oklahoma City for American Surety and New York Casualty, has been appointed resident vice-president there.

The new manager there is Hardy A. Houston, the present assistant manager.

Mr. Roleke took charge of the affairs of the local agency of American Surety at Oklahoma City in 1904. He was appointed assistant manager of the newly established Oklahoma City branch in January, 1907, and was made manager in July of that year.

He also has been named state agent of Surety Fire, which has just been licensed in Oklahoma.

Mr. Houston went with American Surety in 1925, as a claim inspector,

and was appointed assistant manager in 1928.

### Ohio Farmers Indemnity Adds Two Field Men in Ohio

Ohio Farmers Indemnity has appointed two field men to travel southwest Ohio from the Third National Bank building, Dayton.

Bruce M. Smith began with Phoenix Indemnity and London Guarantee at their home office, later traveling for the

same companies in Ohio. He then went with Eureka Casualty as state agent, traveling the entire state.

Robert C. Alexander, now adjuster in the Dayton area, was engaged in the



B. R. Smith



R. C. Alexander

practice of law for several years before entering the insurance business. After serving as adjuster for Buckeye Union Casualty, he went with the insurance security department of the air corps intelligence section, leaving this connection to go with Ohio Farmers.

### Aetna to Open Hartford Branch; Conly Manager

The Aetna Life companies Jan. 1 will open a Hartford office for casualty, surety, fire and marine business. R. C. Knox & Co. will continue as general agent for casualty and surety business, and as agent for fire and marine business.

In casualty-surety the new office will service all agents of the Aetna Life companies in Hartford and in the field territory which has been under the supervision of the Knox general agency. The new office will also have facilities for fire and marine. It will be headed by Robert W. Conly, who is being transferred from his post as manager at Albany. Roy L. Fosbrink, who was manager of the Knox agency's bond department until he left for naval service, has been named assistant manager.

Mr. Knox has represented the companies in Connecticut for more than 50 years and, since 1902, has been general agent for casualty and surety lines. It was his expressed desire to relinquish supervision of his agency organization, Vice-president C. G. Hallowell of Aetna Casualty stated.

The office organization of the Knox agency will be transferred to the new Hartford office, with the exception of certain employees who will remain with R. C. Knox & Co. Headquarters of both the new office and the Knox company will be maintained at 125 Trumbull street.

Mr. Knox in 1892 became a clerk in the office of F. A. Griswold, then agent for Northwestern Mutual Life. A few months later, he devoted his entire time to selling insurance. In 1893, he began writing Aetna accident insurance and, when Aetna entered the casualty field in 1902, he was appointed general agent for the accident and liability department. Associated with him now in R. C. Knox & Co., are Vincent F. Wilcox, Jr., and Robert C. Knox, Jr.

Mr. Knox has served on the executive committee of the National Association of Casualty & Surety Agents, Hartford Board of Fire Underwriters and Connecticut Board of Casualty Underwriters.

Mr. Conly was graduated from Massachusetts Institute of Technology in 1926. He joined Aetna and was assigned to Philadelphia as a special agent. He was promoted to superintendent of agents in 1935; and, in 1939, was transferred to Boston. He was appointed manager at Albany in 1942.

Mr. Fosbrink was graduated from Purdue University in 1926. He became associated with Aetna in 1929, and was assigned to the Knox agency as a bond special agent in 1930. He was promoted to superintendent of the bond depart-

This announcement, which is now being published in banking, business, industrial, and general magazines, should prove of personal interest to our Agents, to prospective Agents and to Brokers throughout the country. For information regarding opportunities, address Vice President, Agency & Production Dept., Surety Fire Insurance Company, 100 Broadway, New York 5, New York.



JANUARY 2nd, 1946, will mark a new and significant step forward in the history of American Surety Company and its fleet of Bonding and Insurance companies. For on that day there will arrive among us, completely organized as a going concern and ready for business,



## SURETY FIRE INSURANCE COMPANY



This new company is the result of plans that have been in the making for the past year or more to provide our Bond and Policyholders with additional lines of protection. In other words, a broader, more complete SERVICE, which, at the start, will provide practically every form of Inland Marine coverage as well as Automobile Fire, Theft and Collision insurance.

With a capital and surplus of \$2,000,000 (all

paid in by American Surety Company of New York) and a management and board of directors made up of the executives and trustees or directors of American Surety Company and its principal affiliate, New York Casualty Company, the new company will be ready to offer the public, through Agents and Brokers, the same high character of service supplied for many years by other members of the group.

## AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY  
New York

THE CANADIAN SURETY COMPANY  
Toronto

NEW YORK CASUALTY COMPANY  
New York

COMPANIA MEXICANA DE GARANTIAS, S.A.  
Mexico City

SURETY FIRE INSURANCE COMPANY  
New York



ment in 1934. In September, 1942, he was commissioned a lieutenant (j.g.) in the navy. He is now on terminal leave as a lieutenant commander after service in the Pacific.

### Frank H. Buck Is Named A. & C. Pittsburgh Manager

Accident & Casualty has appointed Frank H. Buck as manager of its Pittsburgh service office. He was previously associated with New Amsterdam Casualty, Employers Liability and Continental Casualty in the western Pennsylvania and West Virginia territories.

### Osgood Returns to Travelers

John F. Osgood has been released from military service and reappointed casualty field assistant of Travelers' Worcester, Mass., branch office.

### American Cas. New La. Office

American Casualty and American Aviation & General have opened new offices of the Louisiana branch at 904 Guaranty Bank building, Alexandria. R. D. Bushnell, resident manager, remains in that capacity.

### Two Join Commercial Standard

David M. Ross has joined Commercial Standard as purchasing agent. He was recently discharged from the army after three years' service. He formerly was an accountant with a manufacturing concern in Fort Worth.

C. L. Nester, recently discharged from the army air forces, has rejoined Commercial Standard in the statistical accounting department. On his 13th mission his plane was forced down over Germany and he suffered severe hardships as a prisoner.

### National Surety Shifts Offices

National Surety and National Surety Marine have removed their Hartford service office to New Haven, at 109 Church street, and will maintain service facilities in Hartford at a new address, 75 Pearl street. William Walsh, special agent, will be in charge of the Hartford service office.

### Humphry Leaves Associated Ind.

Harry B. Humphry, who helped the late Claude W. Fellows organize Associated Indemnity in 1922 and who has been senior vice-president ever since, has resigned. Mr. Humphry, who was also vice-president of Associated Fire & Marine, was manager of the Los Angeles office of the California state compensation fund before joining the founder group of Associated.

### Sessions in Newark Post

NEWARK—William A. Sessions, who has just returned from 5½ years of service with the navy, is now assistant manager at Newark for Travelers in the fidelity-surety department. Prior to entering service, he was located at Buffalo.

### Hamsenn to Glens Falls

Robert L. Hamsenn, who has just been discharged from the maritime service as a lieutenant, has joined Glens Falls Indemnity in Los Angeles as a field man. He was formerly with Employers Liability.

Lt. R. B. Rourke has been released by the navy and has joined his father, George W. Rourke of Seattle, general agent of Aetna Casualty.

### A.C.S.E. Tells About Self

The objectives and principal activities of the Association of Casualty & Surety Executives have been set forth in a booklet, "In the Public Service."

The purposes are stated to be to provide a forum for the discussion of general problems which are of common concern to stock casualty and surety companies; to promote the interests of such companies in every legitimate manner consistent with the public welfare.

## COMPANIES

### Western C. & S. Goes to Million

Western Casualty & Surety is taking steps to increase its capital from \$750,000 to \$1 million by means of a 25% stock dividend plus the sale of 6,250 shares of \$10 par value stock to the public. The stock dividend of 25% increases the capital to \$937,500. It is expected that the

6,250 shares will be sold at about \$40 a share.

Of the authorized 100,000 shares, 93,125 are owned by Western Insurance Securities Corp.

Giving effect to the financing net surplus will be about \$1,099,320 and assets will exceed \$8,200,000.

Directors have indicated the intention of declaring a dividend next March of not less than 25 cents a share and then to follow the practice of paying regular quarterly dividends.

For the first 10 months of this year net premiums written were \$3,535,198 as compared with \$3,817,025 for the entire year of 1944. The affiliated Western

Fire had premiums of \$1,415,612 in the 10 months compared with \$1,408,488 during the entire year 1944.

### Three Men Are Advanced by Travelers Group

Bartlett T. Bent has been appointed vice-president of Travelers and Maurice G. Vincent and David L. Kempf assistant comptrollers of the entire Travelers group.

Mr. Bent began with Travelers as a clerk in the agency department in 1909 and after first world war service in the army aviation force for 17 months and

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in the A. & H. Field

five months with the British air force, returned to Travelers and was assigned to the group insurance department where he became chief clerk. He was transferred to the department of home office supervision in 1924, was made office supervisor shortly afterwards, assistant secretary in 1938 and secretary in 1941.

Mr. Vincent, branch office supervisor for some time, went with Travelers in 1914, served as counterman in St. Louis, assistant cashier in Milwaukee, and was transferred to the comptroller's department at the home office in 1919.

Mr. Kempf also was a branch office

supervisor. He joined the company in 1928 as a counterman at Indianapolis, became assistant cashier there and then was transferred to Camden, N. J., as cashier. He went to the home office early in 1934.

#### Continental '45 Payment \$2

Continental Casualty has paid an extra dividend of 40c a share. The stock this year has paid four regular dividends of 40c plus this latest extra of 40. In 1944 there were four quarterly dividends of 30c and an extra of 30. The stock is now on a \$2 a year dividend basis.

## ASSOCIATIONS

### Hold Joint Party in Newark

NEWARK—The annual get-together of the Casualty Underwriters Association of New Jersey and Surety Underwriters Association of New Jersey was a huge success from an entertainment and good-fellowship standpoint. Harry Vernoy of the surety department of the Loyalty group was toastmaster. Fred Bross, New Jersey state agent of the Yorkshire group, gave several vocal se-

lections. A number of returned veterans, many of whom have returned to their old positions, were in attendance.

### Los Angeles Accidents Increase

LOS ANGELES—Approximately 500 persons have been killed in Los Angeles and 14,000 injured in traffic accidents in 1945, an increase of 27% in deaths and 19% in injuries, Maj. W. B. Cleves told the Casualty Insurance Adjusters Association of Southern California. Maj. Cleves now on leave after 18 months with the air force in the southwest Pacific, is a past-president of the association.

Maj. Cleves expressed surprise that the death and injury record is not higher. Wider streets, canalization of traffic, synchronization of all signals and eradication of the poor parking facilities are needed.

### To Reelect in Milwaukee

MILWAUKEE—The Milwaukee County Board of Casualty & Surety Underwriters will hold its annual meeting the second week in January. The nominating committee, headed by B. F. Zinn, has recommended the reelection of Robert C. Pittelkow of R. J. Pittelkow & Son, president; Rudolph Laub, R. A. Laub agency, vice-president; Alvin Veitenhaus, Dick & Reutemann Co., secretary-treasurer.

The association sponsored a large advertisement in the Milwaukee "Sentinel" calling attention to the new safety responsibility law and carrying the names, addresses and phone numbers of 74 board members and 165 solicitors.

### Hear Compensation Expert

MILWAUKEE—Harry Nelson, Madison, director of workmen's compensation of the Wisconsin industrial commission, discussed several phases of compensation insurance at a meeting of the Casualty Adjusters Association of Wisconsin. He stressed the importance of prompt payment of compensation to the injured employee, the application of the 40-hour week and overtime as they affect compensation payments. An open forum discussion followed.

## SURETY

### Lawyer N. Y. Claim Speaker

At the Jan. 16 meeting of the Surety Company Claim Men's Forum of New York City, Edward A. Shure of the law firm of Shure & Bruder will discuss "Restitution on Fidelity Losses."

### Correction as to Blanket Bond

An erroneous impression has been created by a recent news item which stated inaccurately that a "blanket bond" was issued by Michigan Surety in favor of County Treasurer Little of Saginaw county, Mich., covering various township treasurers, Surety Association of America states in a release.

The bond issued by Michigan Surety was a name schedule bond, not a blanket bond.

Numerous requests have since been received by surety companies for blanket bonds to cover similar situations, the requests stemming from the inaccurate original story.

### New Boulder Canyon Project

LOS ANGELES—Morrison Knudsen Co.-J. F. Shea Co., both of Los Angeles, bidding jointly, were low bidders with a price of \$4,228,841 on about nine miles of earthwork, concrete lining and structures on the Coachella canal system of the Boulder Canyon project when the bids were opened by the U. S. bureau of reclamation. The work is east and southeast of Indio, Cal. Fidelity & Deposit and Hartford Accident wrote the bid bonds on the work.

# HE'S ROBBING YOU...



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Broad Form Money and Security Policy; Elective Burglary, Robbery and Fraud Policy; Storekeepers Burglary and Robbery Policy; Burglary Open Stock on Merchandise Policy.

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Merchants Special Robbery Policy; Tradesmens Protective Policy; Junior Storekeepers Policy.

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Residence and Worldwide Theft Policy.



He called on your storekeeper Prospect *before you did*—and the loss put that Prospect out of business. Result—No Sale for you.

Don't let him get away with it. With crime on the increase, Burglary Insurance is becoming big business—if you get there first!

Now is the time to sell Manufacturers blanket protection against any and all forms of loss through theft or fraud. Contracts are broad, comprehensive, flexible and selective—and the costs are nominal. Each policy can be adapted to the individual need. These features make protection easier to buy—and sell.

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## PERSONALS

Comm. F. Edward Walker, in the navy for more than three years and for the past year attached to the San Francisco selective service offices, was the guest of honor at a farewell dinner sponsored by the staff and representatives of the local board there. He is returning to Salt Lake City to head his general agency there of Mutual Benefit Health & Accident and United Benefit Life.

The Association of New York State Mutual Casualty Companies gave a luncheon for John Watson, recently retired as chief of the mutual and fraternal division of the New York department. Charles E. Morrison, president of the association, was toastmaster. Mr. Watson is now engaged in private practice as an accountant.

## DEATHS

James E. Crossland, former casualty department manager of Fred S. James & Co., Chicago, and prior to that Peoria manager of General Accident, ended his life at his home in Chicago by taking an overdose of a sleep-producing drug. Mrs. Crossland testified that her husband had been despondent because of inability to get a job that commanded as high a salary as he had been accustomed to receiving. Mr. Crossland was 49 years of age and had been an insurance man 22 years.

Mrs. Vera M. Landers, wife of Jackson K. Landers of the Landers & Landers general agency in Indianapolis, died Sunday. Mr. Landers is a brother of the late Howe Landers, who was president of Metropolitan Casualty at the time of his death.

Arthur B. Garber, assistant secretary for many years of Medical Protective of Fort Wayne, Ind., died at his home in Chicago after an illness of some two years. He was 65 and had been associated with Medical Protective for 38 years.

Mr. Garber was one of the pioneers in the professional liability field. He was a wholesale shoe salesman and joined Medical Protective at Fort Wayne, then his home, through friendship with President B. H. Somers. He became the top salesman. When the company moved to Chicago for a time he was agency director and then became a co-general agent with A. L. Paterson, representing the company in Chicago. That association continued for about 10 years. At one time his territory as a salesman comprised Illinois, Wisconsin, Iowa and Minnesota, but he had traveled throughout the United States and was known widely by physicians and surgeons to whom he sold protection.

Charles C. Conner, 70, who retired in September, 1944, after 20 years as a claim adjuster for National Travelers Casualty of Des Moines, died from a stroke at the Veterans hospital in Des Moines.

Gordon L. Andre, former casualty field assistant of Travelers attached to the Minneapolis branch, working in northern Minnesota, was killed in China Oct. 11, in an automobile accident. He entered the army in 1944, and after training period served in India, Burma and China with the 382nd special service group. Mr. Andre had been associated with Travelers nine years. He began with the claim division at Minneapolis, transferring to the casualty agency department in 1937 and being assigned to the Indianapolis branch. He returned to Minneapolis in January, 1941, as casualty field assistant.

### Virginia Bureaus Elect

RICHMOND—At the annual meeting of the workmen's compensation inspection rating bureau of Virginia, Travelers and American Mutual Liability were elected members of the Governing Committee. E. E. Cadmus was renamed manager of the bureau. He

was also reelected manager of the Virginia Automobile Rate Administrative Bureau. L. O. Wrenn, Jr., was renamed assistant manager of this bureau. Company members of its governing committee were also reelected.

Company members of the governing committee of the Virginia automobile assigned risk plan are Travelers, representing the National Bureau of Casualty & Surety Underwriters; Lumbermen's Mutual, representing the Mutual Casualty Insurance Rating Bureau; Indemnity of North America, representing non-affiliated stock insurers; Virginia

Auto Mutual, representing non-affiliated non-stock insurers.

### Study Compulsory Plans in N. C.

RALEIGH, N. C.—Plans for a study of a proposed program of compulsory insurance laws for North Carolina governing motor vehicles and their drivers were laid at the initial meeting here of the commission on insurance and compensation for injury and damage by motor vehicles on state highways, set up by an act of the 1945 legislature. The commission will begin its work Feb. 1. A

compulsory insurance bill was introduced in the 1945 session but died in committee. The legislature instead, by joint resolution, authorized the setting up of the special inquiry commission. It will study compulsory insurance laws of other states with a view of recommending legislation at the 1947 session.

The Employers Mutuals mixed chorus of 40 voices, under the direction of Eugene Nordgren, gave its annual program of Christmas music at the First Presbyterian Church in Wausau, Wis., before a large audience.

*"Unforeseen events . . . need not change and shape the course of man's affairs"*



Advertisements like this, appearing in national magazines, are building prestige and good will for Maryland agents and brokers.

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OF COURSE you do. One jolt will always send a house of cards tumbling.

There's an uncomfortably close parallel here with the financial security you build for yourself. Unless it is carefully and strongly built, a single jolt may bring it toppling down around your ears.

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To get such protection, you need the competent counsel of a trained insurance agent or broker. And the best way to be sure of this competent counsel is to get in touch with your local Maryland representative.

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Hartford Steam Boiler has the largest field staff of specialists in the nation (both Special Agents and Inspectors) whose time is devoted solely to power-plant protection. This staff draws upon the experience gained by the Company in 79 years of concentration on this one specialized line.

You will find it much easier than you have thought to land some of this desirable business for your agency. The Hartford Steam Boiler Special Agent can help you set up a program. Never was the opportunity more timely.



**The Hartford Steam Boiler Inspection and Insurance Company**  
HARTFORD, CONNECTICUT

FOR POWER-PLANT INSURANCE, IT PAYS TO CHOOSE THE LEADER

## Psychological Deadline Important

(CONTINUED FROM PAGE 23)

ficient merit to convince the business that adequate state regulation is reasonably possible in order to put a halt to the steadily growing support for federal regulation.

Congress has divided regulation into three areas, he said, the first being that in which federal regulation is to be exclusive i.e., employer-employee relationships and matters of boycott, coercion and intimidation. The second is the area in which state regulation is to be exclusive i.e., intrastate insurance except so far as Congress by exercise of its implied power to regulate matters that affect interstate commerce, indirectly regulates intrastate insurance, and third, the remaining area in which Congress has invited the states to take over regulation.

### Outside State Scope

In the first area all that needs to be done is to adopt the principle that employer-employee relations and matters of boycott, coercion and intimidation are wholly outside the scope of state regulation. Likewise, in respect of the second area there need be no concern because satisfactory state regulation will regulate intrastate insurance. The big problem is in the matter of local phases of insurance regulation which is the third area as conceived by Mr. Sawyer.

Lack of progress toward a plan is due mainly to the unwillingness of many to accept changed conditions, he said. There is little hope for progress so long as certain branches of the business interpret public law 15 as an opportunity to use state law only for the purpose of ousting the application of the four federal acts. To seek to use state legislation selfishly for the purpose of preserving competitive advantages or to protect practices otherwise violative of those acts is evidence of the continued existence in the business of that disregard for public interest that led to the S.E.U.A. decision and to enactment of P. L. 15. The objective must be to produce honest regulation in the public interest.

### Uniform Principle

Within the scope of the Sherman, Clayton, Robinson-Patman and federal trade commission acts, state regulation should follow a uniform principle, according to Mr. Sawyer. Mr. Sawyer advanced the argument that except at those points in which public interest requires regulation of insurance under theories contrary to the theories of these four acts, there should be no state regulation. It is no more inconvenient to insurance to have these acts applicable to it than it was to other businesses when the laws became applicable to them. If there are insurance situations or practices that are made illegal by these acts it would be much better to abolish them than to create the impression that the business is seeking to preserve practices inimical to public interest.

"The only state legislation we need within the area of these acts is, I believe," he said, "regulation of legitimate collaborative practices affecting the price structure of insurance."

In the third area the greatest amount of work has to be done. In this area fall all of the state regulatory provisions governing the operations of the business such as control of foreign insurers, powers of insurers, policy contracts, reserves, and hundreds of other details of operation.

Before it can be known whether state regulatory statutes are a valid exercise of limited state power, or an invalid interference with the free flow of commerce among the states, every state regulatory statute will have to be reviewed to make certain that it conforms to the principles of dual control of commerce.

Mr. Sawyer pointed out that in many states interim legislative commissions

have been appointed to revise insurance codes. Even if each of these commissions should do a perfect job for its own state the result might well produce chaos. There must be a very high degree of national uniformity in practices and the work of these commissions should be coordinated with that of the insurance business. In the matter of rate regulation, Mr. Sawyer suggested that to prevent collision between insurance business and the commissioners, a compromise be made in the states where action must be taken in 1946 and that work be continued with the objective of a complete plan before Jan. 1, 1948.

If the insurance business could create blueprints for an intelligent system of collaborative regulation that would function, Mr. Sawyer predicted there would be no difficulty in enlisting the support of Congress whether its enactment would require one year or 10 years.

### Gives Guiding Principles

Mr. Sawyer uttered some principles that he said should be accepted as a guide, these including the fact that insurance is now under federal control and will remain so. The keynote of regulation is public interest. State regulation in the area now assigned to the states is dependent upon keeping Congress convinced that public interest will be better served by state regulation.

Regulation of insurance is now a matter of collaboration between Congress and state legislatures. Regulation in the public interest is not necessarily restriction of activities of insurers; it also requires encouragement of initiative and freedom of action.

Few Congressmen are hostile to insurance and Congress has a real interest in adequate state regulation. There must be a spirit of cooperation. There must be a program for a system of state regulation creating a high degree of uniformity in practices. State regulation cannot escape constant contrast with uniformity which would be attainable under one regulatory authority.

### Reducing Cause for Litigation

A state system should reduce to a minimum causes for litigation over conflicting powers of federal and state governments.

State regulation must be reconciled with the limited powers of state to effect regulation of interstate commerce.

Statutes dealing with regulation of phases of insurance involving more than one state must be substantially uniform.

Every segment of the business must adopt a spirit of live and let live and must realize that there can be no permanent gain for it at the expense of other segments. "Each must be willing to fight for the right of all to enjoy what it seeks for itself," he said.

## Proposed Texas Rate Change Means Cut of \$100,000

AUSTIN, TEX.—At a hearing here on compensation matters, Casualty Commissioner Gibbs estimated that an average rate level reduction of .3 of 1% recommended to the Texas board by the National Council on Compensation Insurance would result in a drop of about \$100,000 in annual premiums.

"Many classifications show an increase in rates and several show a substantial decrease," Gibbs said. "Due to the adverse trend in experience, the indicated average reduction this year is not as substantial as in previous years. There were reductions of about \$1,000,000 in 1943, \$3,000,000 in 1944 and more than \$3,000,000 this calendar year."

The continued elimination of surcharge on overtime wages means an annual reduction of about \$1,800,000 and the commissioners recommended this. Final action has not been taken as yet on the National Council's proposal.

## Clash

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## Clash Over Air Liability Question

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basis of its interstate character, it is equally applicable to other business which may be classed as interstate, he declared. Even though federal liability legislation is conceded to be advantageous to aviation, it might still be objectionable in its larger aspect.

Mr. Orr gave a review of recent court decisions showing the trend in aviation law.

Chase M. Smith, general counsel of Lumbermens Mutual Casualty, gave a sketch of the aviation bills in Congress that have a direct bearing upon insurance.

HR531 provides that the harbor workers and longshoremen's act shall apply to the employees of air common carriers.

HR532 fixes the liability of air carriers with respect to liability to passengers for personal injuries; with respect to the damage to personal effects of passengers, and with respect to loss or damage to goods being transported by air.

HR2537 confers jurisdiction on court of claims for damage to personal property resulting from aircraft operated by the government.

S4 deals with aviation salvage at sea. International Air Traffic

The acceleration of international air traffic is the most important question to have arisen in the aviation insurance picture since the last report of the aviation insurance law committee, according to Chairman W. Percy McDonald, Memphis. Commercial aviation is well on its way to fulfilling the most optimistic prophecies of its leaders and aviation insurance will keep step, for no plane can safely arise from the earth without insurance protection.

The insurer will be vitally affected by the ultimate definitions and decisions concerning the so-called five freedoms. The insurer is interested in knowing if his cover will stop at the gateways to Europe and South America or continue into the interior and ultimately around the world. The laws, customs and facilities peculiar to each country which a plane touches are necessary factors to be considered by aviation insurance. The insurance business must follow closely new international organizations that are formed in attempts to internationalize air traffic and bring about uniformity in laws of liability for death and property damage.

Mr. McDonald observed that most of the new state rating laws that have been enacted except from regulation aviation insurance other than workmen's compensation and employers liability.

### Plug for Warsaw Pact

The committee concluded with a recommendation that the Warsaw convention regulating international air transportation be again reviewed by the insurance industry and that every influence possible be used to get other nations, particularly in the western hemisphere to adhere to it as is.

Also, in contradiction to the stand taken by Mr. Orr, the committee recommends enactment of some federal statute regulating the questions of liability of carriers by air to passengers, shippers, persons and property owners on the ground.

Also the committee recommends that enactment of legislation patterned upon HR 532 be approved with express proviso removing all implications of absolute liability for death, personal injury or property damage on the part of the air carrier for negligence. Also that HR 2537 be approved and HR 531 be disapproved.

There is appended a minority report of Mr. Orr. He stated that it is desirable to have federal control of safety and economic regulation, but this has no necessary relationship to liability.

The speed of airplane travel is often cited, he declared, as justification for taking control of torts committed in the

states away from the states and placing it under federal jurisdiction. That is not a proper argument with regard to liability, he contends. It is well established in this country that the law applicable is that of the jurisdiction in which the "force impinged" which actually did the damage. Speed has nothing to do with this—the accident either did or did not happen in a particular well defined location and the law in each such location is well defined and readily ascertainable. He said of thousands of liability claims that he has handled, he does not recall one in which there has been any conflict of law as to which law applied. There is no ground for conflict in connection with accidents which happen on the ground, where most accidents happen. The only possibility of confusion would be accidents in the air near state boundaries where the time and location of the accident is not clear.

He asked whether the possibility of conflict in such cases is sufficiently serious to justify taking the control of torts from the states and placing it in the hands of the government.

### Increasing the Limits

Most liability legislation, he said, imposes at least primary liability on the carrier—the most liberal transfer the burden of proof. To place some control on this departure from common law rules of negligence it is absolutely necessary to place some limit on liability. Presently contemplated legislation places a limit of \$10,000 on wrongful death. This, Mr. Orr contended, means nothing even if enacted. The first time some important public figure is killed and the most that his heirs can get out of it will be \$10,000, Mr. Orr predicted that there would be an increase in the limit enacted.

Under present laws the average settlement of airline death claims runs about \$10,000 and this includes just payments in accordance with the merit, from zero to \$30,000 or \$40,000. He asked whether confidence has been lost in the courts. Under the established procedure the plaintiff has the burden of proof and this is less burdensome in aviation accidents than any other category. The plaintiff has more sources from which to draw proof of his allegations of negligence and also plaintiff can recover in accordance with the merit of his claim. The choice, according to Mr. Orr, is between real and regimented or arbitrary justice.

### Speaks on Air Compensation

A study of practically all the important reported air compensation cases leads to the conclusion that workmen's compensation air law is developing along the general lines of the laws covering workmen's compensation. There seem to be no unusual or distinctive trends or lines of development, according to Kenneth R. Thompson of Duncan & Mount, New York, U. S. attorneys for London Lloyds. Mr. Thompson pointed out that while there will be a great deal of intra-state flying, it is obvious there will be considerably more interstate and international flying and he recommended that Congress should pre-empt the field by appropriate legislation and cover all phases of the subject including international flights. Perhaps this would result in better law and practice and help toward uniformity. He recommended a federal act that would be carefully drawn, rather than the borrowing of language of an act applying to matters other than aircraft, as a preferable procedure. This would give flying men confidence in that they would know their position under the law in every state and in world commerce. Careful wording of the act would wipe out uncertainties arising under coverage generally and "extra territorial" and "conflict of laws" problems.

Mr. Thompson dealt with his subject under four headings, jurisdiction, employee, employer, and course of employ-

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ment. He reviewed the various laws covering each of those subjects and mentioned briefly proposed federal legislation.

It is possible that in the not too distant future deliveries of goods will be taking place by plane. Already in Wisconsin some milk deliveries are being made by airplane and the law will have to be revised to some extent so that the milk pilot will know his position in other states under compensation laws.

### Warsaw Convention Rules of Increasing Importance

(CONTINUED FROM PAGE 24)

for want of proof, the court held. The original place of departure and the final destination is specifically controlling in spite of breaks in travel routes. Compliance with the law by the carrier is always to be assumed unless the contrary is proved. The right to bring a death action is purely statutory. It did not exist in common law and depends upon the existence of the statute creating a right of action at the place where the "force impinged," causing the injury. Convention rules are well within the framework of existing legal rights and remedies. Right to recover must depend upon some statute. The federal "death on the high seas" act is applicable

to airplane accidents on the high seas. If interest is not provided in that act, no interest may be allowed on verdict.

In *Garcia vs. Pan American*, even though the destination of this airplane was Portugal, not a member of the Warsaw convention, the court held the convention rules applied, Mr. Orr said.

There is a tendency on the part of courts to give a verdict for the plaintiff with little or no proof of negligence and in the face of considerable proof to establish due care, Mr. Orr said.

#### Departure and Arrival

There was considerable interest in the case of *Jones vs. Northwest Airlines*, in which the Washington supreme court held that the airline could under its tariff regulations, required and approved by the Civil Aeronautics Board, cancel a flight at any time if deemed advisable and that the airline is not responsible for failure of aircraft to depart or arrive on scheduled time. The ticket was sold to Jones, the court held, subject to tariff regulations with which he was charged with notice. This is the first decision, Mr. Orr said, upholding the legality of the rules and regulations field by all airlines with the C.A.B., and therefore applies to the great volume of law already decided in connection with the filing of like tariffs by railroads and other surface carriers with the ICC.

This includes the limitation of liability on checked baggage and other property, which is of increasing interest as air travel grows.

There is persistent pressure to enact federal legislation affecting the liability of air carriers to passengers, shippers and persons and property on the ground, Mr. Orr said. He pointed out when liability is arbitrarily imposed, even to the limited extent of shifting the burden of proof, injustice is inescapable in certain circumstances, particularly with the high level of earnings and dependency of the average airline passenger. The meritorious claim is sacrificed for the benefit of those whose claim cannot stand on merit alone, he suggested.

### Inventory Shortage Claim Present Difficult Problem

(CONTINUED FROM PAGE 24)

ty shortages. It can be argued that the word "including" indicates an extension rather than a restriction of the general coverage and that the clause is ambiguous, or at least, should not be interpreted or given effect as a limitation thereon. There doubtless will continue to be some uncertainty on this point until the interpretation and effect of the clauses are definitely settled by the courts.

#### Not Up to Jury

Logically, this provision should preclude the possibility of a jury hearing on the question of the existence or extent of the alleged dishonest loss in the inventory shortage cases, Mr. Bunge said. The plaintiff who "conclusively proves" that a loss is due to the dishonesty of his employees, should be entitled to a directed verdict or to appropriate instructions removing that issue from the consideration of the jury. On the other hand if the plaintiff fails to make this degree of proof as to all or any part of his claim, the alleged loss, to that extent, is not covered by the bond, and the surety should be entitled to a directed verdict. A case in which a loss through dishonesty is established by conclusive proof, but in which a question of fact still remains to be submitted to a jury, would seem to be a logical impossibility.

### Calhoun SS Study Group Soon to Submit Report

WASHINGTON—The House ways and means committee expects to receive by New Year's a report from its social security study group headed by Comm. Leonard J. Calhoun, on old-age and survivors' insurance, disability and unemployment compensation. The report is understood to cover such matters as OASI coverage, benefits, financing, reserves, taxation, besides dealing with other phases of social security problems.

With the submission of the report, the Calhoun group, which has been surveying social security problems for a number of months, will dissolve by the end of 1945. Comm. Calhoun will enter private practice of law in this city.

#### Consult with Insurance Men

The Calhoun group has consulted from time to time with such life insurance representatives as M. Albert Linton, president Provident Mutual Life and Reinhard Hohaus, Metropolitan Life actuary. Members of the group expect to be called upon by the ways and means committee to assist in consideration of social security legislation, whenever it is taken up.

Meanwhile, the Senate finance committee is getting set to hold hearings on social security, if and when the House committee or the House does something about the matter, in view of the constitutional requirement that legislation affecting revenue must originate in the House. Social security taxes are involved, of course.

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## Progress of Rate, Multiple Line Measures Reviewed

CINCINNATI—New casualty rate regulatory laws were enacted in 10 states in 1945, seven of them varying only in minor details from the bills drafted by the Association of Casualty & Surety Executives and the National Association of Mutual Casualty Companies, while the other three new laws followed the general principles of the model measure, John S. Hamilton, Jr., American Mutual Alliance, reported before the insurance section of the American Bar Association here. At least 15 states have interim commissions engaged in study of laws regulating companies, most of them primarily concerned with rate regulatory and tax matters. The insurance bar must undertake new functions in advising individual companies, insured, rating organizations and buyers' organizations with respect to the purpose of the federal laws and state rate regulatory laws, with respect to action necessary to meet their requirements, and with respect to such existing activities as may be prohibited by the anti-trust acts, Mr. Hamilton said. Not the least of the new duties of insurance attorneys will be advising state supervisory authorities with respect to the application of existing regulatory statutes and such new regulatory laws as may result from the studies still being conducted.

#### Opposition Dwindles

In considering proposals for multiple line underwriting, Mr. Hamilton said that two of the major groups of companies which originally were vehemently opposed to any extension of multiple line underwriting, have changed their views to the extent of not taking a position in favor or against the extension. It is not believed that there is at present any strong opposition to expansion of multiple line underwriting if it progresses gradually and in an orderly fashion, permitting both the fire companies and casualty companies to become acquainted with the problems involved in each other's business. Bills increasing the underwriting powers of both types of companies were adopted in several states in 1945.

#### Aids Comprehensive Trend

One of the initial arguments in favor of multiple line underwriting was that its ultimate development would permit the offering of a comprehensive policy covering all possible insurable losses of an individual or business, Mr. Hamilton pointed out. It must be recognized that this argument will gain persuasiveness in future years, but that at the present time insurance carriers have many problems to solve and much ground to cover before it will be possible to offer such a policy. The remarkable growth of comprehensive insurance in the automobile and general liability fields has been noted frequently and the use of a comprehensive policy combining automobile and general liability hazards has become more common. However, there has been little more than a scratching of the surface in combining liability coverages with other casualty coverages, except in the combination residence policies or householders' comprehensive policies offered to individual insured and it may be suggested that more attention should be devoted to the correlation of the provisions of liability, burglary, glass, workmen's compensation, boiler and machinery and other casualty policy forms before attempting further combinations of coverages, and before seeking to establish fire-casualty combination.

#### American Surety Charter Change

Stockholders of American Surety have been asked to ratify a proposed charter amendment to protect trustees, officers and employees against expense of defending unjustifiable suits to which they have been made parties.

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## Ponders Question of Battle Death as Accident

Ernest Woodward of Woodward, Dawson, Hobson & Fulton, Louisville, at the American Bar Association insurance section meeting discussed the question whether death or injury in battle can be said to be due to accident or accidental means within the provisions of an accident policy or double indemnity provisions of a life policy.

He said he was able to find only three reported cases on the subject, the fact that there are so few probably being due to the specific provisions contained in policies excluding such risks.

Mr. Woodward reviewed these cases, the first being *Martin vs. Peoples' Mutual Life*.

The insured was drafted and sent to France, where he was wounded in battle and disabled more than two months. The court denied recovery on the grounds that it was not accidental.

### Means Not Unexpected

Mr. Woodward pointed out that the court interpreted the means which produced the injuries as something which was foreseen, to be expected and not unusual at the time it occurred. The court admitted that the explosion of the shell was the proximate and immediate cause of the injury and was not directed particularly at the assured, but rather at a point along which he and others were engaged in fighting, and was produced by an unusual combination of circumstances over which he had no control, but the court contended that the accident took place according to the usual course of things.

Mr. Woodward stated that this proposition may be disputed inasmuch as statistics show that when a large number of individuals engaged in military operations are considered, injury or death of a particular individual generally happens by chance, and in so far as that individual is concerned takes place unexpectedly.

In *State Life vs. Allison*, a life policy containing double indemnity was involved. The insured volunteered for the army, was sent to France, and killed in battle.

### Hazard of Occupation

The court decided that if an accident policy makes no provisions excepting the hazard of war, and by chance, without the insured's design, consent, or cooperation, he is injured or killed as a result of a hazard incident to his occupation, his injury or death properly may be said to have been caused by accidental means.

Mr. Woodward pointed out that the circumstances and conditions prevailing at the time of the death of Allison and at Martin's injury were practically identical, but the supreme court of Arkansas and the U. S. circuit court of appeals reached an opposite conclusion.

The third case, *Great Southern Life vs. Churchwell*, again involves a life policy with double indemnity. The insured was drafted and sent to France where he was killed in line of duty. The court decided in favor of the plaintiff, contending that the insured did not voluntarily go into danger and was compelled to go into battle under the orders of his superior officers in line of duty, and did not culpably provoke or induce the act causing his injury and death. The fact that the insured, of all men sent overseas, and the bullets of all the bullets fired, happened to meet was purely a chance circumstance.

### Anticipated Consequences

Mr. Woodward explained that the court considers the immediate, predominant cause only and goes no further back than the consequences that might have been anticipated as not unlikely to result.

He stated that during time of war under present conditions the entire civilian population, as well as soldiers, are

## Strict Financial Responsibility Law in Manitoba Now

WINNIPEG—Automobile insurance companies in Manitoba are experiencing a rush of business as a result of the new financial responsibility laws effective Dec. 1. The law stipulates that if a car is involved in an accident and the driver cannot show proof of financial responsibility the automobile is to be impounded until damages are paid or proof of responsibility is shown.

It is expected that this demand for liability coverage will exist for some months, as estimates place only about 27% of the cars in the province as insured. The daily newspapers are finding some humorous and lively front page items from the predicaments in which motorists have found themselves. A bus owned by the Winnipeg Electric Co. was seized by police authorities because the driver could not produce an insurance card.

Drivers and tourists from other provinces and the United States come under the law and their cars can be seized if they are involved in an accident. Should an outsider have damage claim against him and fail to pay, his driving privileges in Manitoba will be cancelled.

### NON-ADMITTED CARRIERS OUT

TORONTO — Insurance companies not licensed in Manitoba are faced with a problem under the province's new financial responsibility law, since their policies will not be recognized as proof of responsibility.

The driver of a car insured by a company not licensed in Manitoba will have to furnish other proof of financial responsibility, or vehicle will be impounded in the event of an accident. Further, before he can resume driving in the province, he must furnish proof of financial responsibility. If he offers a liability policy it must be in a company licensed in Manitoba. The alternative is that he and his car will be escorted from the province on a highway specified by the authorities.

### Elect New Officers for Amer. District Telegraph

E. A. Ward has been elected president of American District Telegraph, to succeed C. C. Johnson who is retiring at his own request after 46 years of service.

The office of executive vice-president was abolished. L. T. Haugh was elected a vice-president, to be vested with the powers of the president in the absence of the latter.

A. E. Smith succeeds Mr. Haugh to the position of general commercial superintendent, and M. H. A. Lindsay has been appointed to the newly created position of assistant chief engineer.

subject to death by hostile action. Moreover, civilians may almost properly be regarded as front line soldiers, as their intentions are to produce and supply materials for the destruction of the opposition.

In referring to the English, who suffered many civilian battle casualties, he said that although it was to be expected that some of the civilians would be injured or killed by enemy action, it seems clear that the death of any particular person, killed by such action, was a chance happening from wholly unforeseen circumstances.

Mr. Woodward inclined to the opinion that such cases would be decided against the company, the majority of the cases thus far being treated in that manner, although various courts may reach different conclusions in connection with future cases due to the wording of the particular policies involved or the facts in each respective case, or a combination of both.



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## Nat'l Union Indem., Asleep Since '31, to Be Revived

National Union Indemnity which has been dormant since 1931 but whose charter has been kept in existence, is to be put back into active operation again by the parent organization, National Union Fire.

The fire company proposes to invest \$750,000 in an additional 10,000 shares of the \$25 par value stock of the indemnity company.

The charter of National Union Indemnity will be broadened to include all lines of insurance which stock casualty companies are authorized to transact under the Pennsylvania laws.

Stockholders of National Union Fire will vote on the proposed transactions at the annual meeting Jan. 14. National Union now owns 10,000 shares of National Union Indemnity.

## Carroll Tells How A. & H. Agents Can Help Business

CINCINNATI—"You members of the accident and health association can do more to protect the business from attacks of interests hostile to the industry than company executives because you are closer to the people and can carry a message direct to the people," S. C. Carroll, vice-president Mutual Benefit Health & Accident, told the Cincinnati Health & Accident Underwriters Association. "Certain organizations writing hospitalization have done a splendid job in public relations work," he commented. "We in the business apparently have not always made the most of our opportunity to show the public how well we serve the public good."

"If someone in the industry attacks this business it is news for the trade papers. Often this damages the industry. The complimentary things said by persons in the industry do not always get attention from the press."

Mr. Carroll talked on the importance of cooperation. He stressed cooperation between agents and companies, telling how agents can help companies by sending constructive suggestions to the home office. He spoke of the advantage of cooperating with medical societies, as is done in the Wisconsin plan. He explained the importance of cooperation of disability writing companies with companies writing similar coverages and with other companies writing other forms of coverage, particularly in meeting the problems arising from legislation in connection with public law 15.

Congressmen want letters from constituents who write sincerely, Mr. Carroll said, quoting a member of Congress. Company executives want the same kind of sincere letters from agents in the field who know what the people want, what they think, and what they need. It is easy to get up a policy at the home office and figure rates for it. But to build a contract so it has the widest appeal to the needs of the people can be done best when agents help the company with their suggestions. An agent knows more than an actuary about what is salable.

Preceding Mr. Carroll's address, members of the association sat down to a venison luncheon. C. L. Gurney, local manager of Mutual Benefit, provided the steaks as a result of his annual deer hunting expedition in Canada.

## Chicago Managers Party

Members of the Association of Casualty & Surety Managers of Chicago are gathering Thursday evening for their annual Christmas party that includes cocktails, dinner, and an accordion player. This is a salute to the newly elected president, L. C. Knapp of Great American Indemnity. E. I. Fiery, Royal Indemnity, was chairman of the committee in charge.

## Shuman Heads Ill. Farm Bureau Units

Charles B. Shuman, the new president of Illinois Agricultural Association, also assumes the presidency of two subsidiary insurance companies—Country Life and Illinois Agricultural Mutual. Mr. Shuman has been secretary of the Farm Bureau and of Illinois Agricultural Mutual. As president he succeeds Earl C. Smith, who resigned after 20 years in office.

Floyd E. Morris, formerly a director of the insurance companies, has been elected vice-president. The new secretary is Otto Steffy.

Mr. Morris succeeds Talmage Defrees, who has served as vice-president for 11 years. Other officers remain.

Feb. 1 has been set as a tentative date for the change in the names of Farmers Mutual Reinsurance and Illinois Agricultural Mutual, pending approval by the Illinois department.

On that date the Farmers Mutual Reinsurance will become Country Mutual Fire and Illinois Agricultural Mutual will become Country Mutual Casualty. Forms have been made up with the new names in anticipation of the change.

## American Indemnity Claims Changes in Chicago

Warren A. Coan, Chicago branch manager of American Indemnity, has made a number of changes in the claim department there following the resignation of William H. Herbert, manager of the department, and James McQueeny, claims adjuster.

William A. Kessler has been appointed claim department manager to succeed Mr. Herbert, and John E. Leahy as claims adjuster.

Mr. Kessler formerly was connected with the claim department in the Wheaton, Ill., branch of the Chicago Motor Club and previously was with the claim department of American Automobile in St. Louis and Chicago. Mr. Leahy formerly was an adjuster in the Chicago office.

## Jostes Cook County, Ill. Special Agent, Amer. Cas.

Edward J. Jostes has been appointed Cook county, Ill., special agent by A. A. Konitzer, resident vice-president of American Casualty in charge of the Chicago branch office. Mr. Jostes has had 19 years' insurance experience and is a skilled fire underwriter and a Dean schedule expert. He started with the Teninga Brothers & Co. agency of south Chicago in the accounts department then was with Northwestern National Fire there in charge of cancellations and endorsements and later as fire underwriter, remaining for 12½ years.

Mr. Jostes went with F. K. Hinton & Associates at Chicago in 1942, remaining when that office was purchased by A. B. Knowles & Co. He was associated there with Henry C. Stoll who now is manager of the aviation, fire and inland marine departments of American Casualty and American Aviation & General in Chicago.

## Employers Makes Promotions

Employers Liability has made several promotions at the home office.

James H. Fay, formerly superintendent of the burglary and glass department, is now assistant superintendent of underwriting.

Robert C. Lee, formerly automobile and aviation underwriter, has been appointed to the new position of underwriting executive assistant.

Mr. Lee's position as aviation underwriter is taken over by Henry S. Stone, who was formerly connected with the New York metropolitan department and has been 4½ years in navy aviation.

The new superintendent of the burg-

lary and glass department is Bernard C. McMullen, identified with that department for more than 20 years.

## Los Angeles Christmas Party

The Accident & Health Managers Club of Los Angeles held its Christmas party Monday, the program being an entirely musical one. Leaders in the vocal part of the program were Harry Burford, vice-president of California Agencies, and Ernest F. Hansen, Standard Accident.

W. L. Thomas, general agent of Massachusetts Bonding, who was the first president of the club, presented gifts to the present officers, in keeping with the practice the club has followed in the past.

## Dibble Partner with Father

Judd Dibble, who has just been released from active duty by the navy, has become a partner with his father, Fred W. Dibble, in the Los Angeles general agency of Provident Life & Accident. Before entering service he had been an associate general agent.

## K. C. Group Has Party Dec. 27

The Casualty & Surety Underwriters Association of Kansas City will hold its Christmas luncheon party Dec. 27, with

election of officers. The nominating committee's slate is: P. H. Hawes, president; J. M. Downey, first vice-president; R. L. Stewart, Jr., second vice-president, and Walter Cook, secretary-treasurer; for executive committee—O. R. Leeds, chairman; Kenneth Dubach, O. B. Simmons, Leslie Stewart and F. Glenn Packwood.

## Foster Returns to A. C. & S. E.

Alexander Foster, Jr., who has been in the navy, will return to the Association of Casualty & Surety Executives, Jan. 2, where he was manager of the fidelity and surety department.

## Aid Strikers to Keep Up Cover

General Motors has notified employees it will advance funds where necessary to enable employees to maintain their group and hospitalization policies under present work stoppages. Advances will be deducted from future earnings.

## Extends Aviation Coverage

London & Lancashire Indemnity is now offering extended aviation coverage under its accident policies without extra charge, along the same line as recently announced by a number of companies.



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## Axis and European Insurance

(CONTINUED FROM PAGE 18)

through the Munich association for the coverage of major risks, a cartel embracing all major European reinsurers, including the neutrals.

Germany's direct insurance operations in Europe were on a small scale until 1940. Only a dozen of more than 6,000 German licensed insurance carriers were functioning abroad, and another dozen maintained their offices abroad for reasons of prestige or expediency. In 1913 German companies abroad had 113.17 million reichsmarks of premium income in direct insurance business, in 1934, 39.30, and in 1937 28.74. The business of German companies in Germany for the same years were 1153.70 million reichsmarks, 1705.46, and 2074.44. On the other hand, foreign business of Italian companies increased during the Fascist regime, chiefly through established international organizations, the Assicurazione Generali and Riunione, Adriatica, both of Trieste and their affiliates.

### Non-German Partners

Because of prejudice dating from the first World War, German insurance connections abroad, even after the rise of Hitler, were often set up with non-German partners. Munich reinsurance used the device of non-German partners to cloak its direct participation in companies abroad, chiefly Union of Zurich, Societe Anonyme de Reassurances, Paris, Patria of Milan, and El Fenix Sud Americano of Buenos Aires.

Blackmail and libel actions were frequently used by local competitors, particularly in France and Belgium, against German affiliates. Yet their indirect business abroad compared with direct business was extremely large. Although direct German business was consistently unprofitable, reinsurance income enabled the German companies to show

a favorable balance, a fact testified to by exemption of reinsurance companies from the prohibition of export funds and exchange control, the only commercial organizations to be so exempted in the Reich.

The reason for the unique position of Germany in professional reinsurance was explained at the hearings. Munich Reinsurance held indisputable leadership and practically all German insurance and reinsurance concerns reinsured or retroceded part of the risks to the Munich, which also managed the insurance cartel for coverage of major risks throughout Europe. The company had had 60 years of experience, specialization, and unrivaled retrocession facilities. It had been able to offer abroad a reinsurance mechanism which in its variety, adaptability, and attractiveness met little competition.

### Flexible and Daring

Compared with allied business practices, German treaty conditions were often not conservative, but flexible and daring. The pattern of German reinsurance abroad for years had been less concerned with immediate profits than with the building up of long term ties between reinsurer and reinsured. Until they became profitable, newly created insurance offices were nourished and pulled through periods of difficulty by the Munich. It paid costs of acquisition, commissions and management of the reinsuring office and provided for deposits required under state legislation.

The German reinsurance offices put at the disposal of their clients a unique information and card index system covering the substantial risks of the entire world. The index was continuously enlarged and kept up to date by direct companies. It often permitted the insurance of so-called uninsurable risks. It was paralleled by Lloyds in the limited field of marine insurance. It became an accepted fact for direct companies to seek information from Berlin or Munich on the insurability of certain risks, even though situated in the company's own country.

### Backed Direct Insurers

Axis reinsurers, supported by their governments, offered to back their business interests with research facilities to clients and foreign insurance departments to supply them with materials they could not obtain elsewhere.

The testimony at the hearings brought out that although the reinsured company seemed to act independently and to possess all the characteristics of a national enterprise, it was at the mercy of the reinsurer, chiefly by the mechanism of the reinsurance treaty. In practice the consent of the reinsured had to be obtained for business operations, selection of personnel, legal counsel, banks, actuaries, etc. The German reinsurance companies became bankers of their clients. They insisted on long term agreements. Shadow agreements, providing for a change of contract by substitution of third, neutral parties prevented the original parties from continuing their relations. These agreements were known to exist in practically all reinsurance contracts. There was also control by stock interest and treaty.

After the outbreak of the war, Germany took over the British insurance portfolios. American and German insurance had been non-competitive since the previous war and the former had insignificant portfolios in Germany.

### Used Local Companies

The vast expansion of insurance operations in occupied countries during the war would not have been possible if the German companies had attempted to carry the load unaided, according to the testimony. The danger that the invader would reap losses rather than profits increased in direct proportion to the decrease in the number of British facili-

ties in the occupied and neutral countries. Absence of the British firms from the field was felt the more acutely because Lloyds and certain London companies had constituted the chief market for excess loss coverage, conflagration and catastrophe protection. Axis companies alone were not able to absorb those risks.

The accumulation of insurable values in industrial plants had in peace time become so large that one-third to one-half of the fire insurance coverage was going to London firms because the continental companies were unable to cover the risks. Such risks did not diminish, but increased after the outbreak of the war because of the increased activity, rises in prices and new businesses which had their origin in German occupation. Burglary insurance, too, increased in risk through this same concentration of values, and air and war hazards were added to the risks involved in carrying third party, personal accident and life insurance.

### German Caution

This explains the caution displayed by German companies in expanding their business, and the comparative lack of interference with business of neutral Swedish and Swiss companies. Neutrals in the insurance field were invited to participate in the association for the coverage of large risks established by the Munich. It was a form of cartel regulating all European reinsurance, administered by Munich Reinsurance with the support of Italian and Swiss reinsurers.

The hearings developed considerable detail on insurance operation before and after German penetration in various European countries.

## Manufacturers Covering Faithful Performance

Manufacturers Casualty has extended its public official bond filing with the New York department to include coverage on public employees and to provide coverage on faithful performance at a 25% surcharge. The company previously made a similar filing in New Jersey and is writing some state officers and employees on that basis in New Jersey.

The "faithful performance" coverage is much broader than mere dishonesty protection, which latter requires proof of some definite act of dishonesty. The faithful performance cover includes negligence as well. For this reason many companies have been loath to write it.

## "Appleton Rule" in New York Is Modified

(CONTINUED FROM PAGE 23)

Since the department's decision puts new York domiciled casualty companies at a disadvantage in states where their out-of-state competitors can write the P.P.F. it seems likely that there will be a strong demand for liberalizing legislation on the part of casualty companies which lack fire affiliates or which could more readily write P.P.F. business through their casualty company than through their fire running mate. If the legislature at its session opening early next year were to broaden casualty companies and relax the restrictions on writing powers a casualty company domiciled in New York would be spared the necessity of forming fire affiliates or planting them in all of its casualty agencies in which it wanted to obtain P.P.F. business.

Among New York companies that are opposed to multiple line underwriting there was little excitement over the department's proposal. Some executives pointed out that certain out-of-state casualty companies, including F. & D., have been writing the P.P.F. in states which permitted it and the New York department has not proceeded against them, hence the decision merely recognizes openly what has been going on. At the moment there appears to be no

## Chicago's Oldest Agent 88 Years Old Very Active

John D. Martin, the oldest local agent in age and point of service in Chicago, is rounding out 55 years of continuous connection with the insurance business. He is 88 years of age and is as spry as a kitten. He spends part of the winter in Florida but the rest of the year he is out getting business. When Mr. Martin was born James Buchanan was president of the United States.

Mr. Martin is a native of Pittsburgh having been born there Nov. 10, 1857. He had six children, three boys and three girls. The three boys were in World War I. Mr. Martin was connected with a bank until he arrived in Chicago in 1888. He then engaged in insurance and has been active in it ever since. His first firm was Fisher, Martin & Raftree formed in 1891. That was succeeded by Fisher, Martin & Wurts. His present firm, John D. Martin & Co., was established in 1895.

strong sentiment among the majority of New York domiciled casualty companies to seek liberalizing legislation.

### Discusses Federal Health Plan

Dr. Fred B. Kyger, president of the Jackson County Medical Society, spoke on "The Federal Health Plan" at a meeting of the Kansas City Association of Accident & Health Underwriters.

### Auto Claims Up 30-35%

One of the prominent automobile insurance companies finds that the number of claim reports that it has received since the time of gasoline rationing has increased about 30 to 35%. There has been no noticeable increase in the severity of accidents, however. It simply seems to be a fact that with more cars on the road there are more accidents. It is the general observation that so far at least, motorists have not stepped up their speed on the streets and highways to a dangerously high level. It is high speeds that breed severity in losses.

The number of losses at the current level is still below the 1941 experience and that is generally attributable to the fact that there are about only two-thirds as many cars in commission today as there were prior to the war. However, the fact that there are fewer accidents today than in 1941 is more than offset by the fact that the cost of claim settlements, especially in property damage cases, is much higher. The figures submitted by the companies to Superintendent Dineen of New York showed that from 1941 to 1944 the cost of bodily injury claim settlements was up 28% and the cost of property damage claim settlements was higher by 57%.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Mich. Mid-year Set for Feb. 12-13

LANSING, MICH.—The Michigan Association of Insurance Agents will hold a midyear meeting Feb. 12-13 at the Pantlind hotel, Grand Rapids, the executive committee has decided. Inasmuch as no fall convention was held the past year, despite the easing of the wartime convention ban, it is anticipated that the Grand Rapids meeting will attract an exceptional attendance.

Theme of the midyear meeting, it was announced by Edward R. Moore, Port Huron, president, will be "S.S.S.—Sales, System and Service—Information Please" and stress will be laid on the various angles of the agent's post-war selling job. Due to the emphasis on the veterans' program, a general invitation is to be issued to all former servicemen who either were in insurance before the war, are now entering the business, or are taking up apprenticeship training in agencies or offices.

#### Create New Veterans' Committee

At the executive committee session, a new veterans' counseling committee was created, which consists of the entire executive group, each member functioning in his own district and naming his own sub-committee to handle the local situation.

J. W. Mundus, Ann Arbor, chairman of a special committee which for two years has been framing a proposed revision of the association's constitution, reported his group will be ready to file its recommendations at the mid-year. One important section will deal with revised qualifications for membership.

The committee authorized association officers to prepare a revised edition of the reference manual, prepared for a number of years by the association to assist applicants for licenses.

Commissioner Forbes met with the committee at luncheon and summarized developments at the commissioners' meeting in Grand Rapids.

There was considerable critical discussion of the recent action of auto-writing companies in setting up a rate differential discriminating against drivers 25 years of age and under. It was noted that this constitutes a direct affront to the bulk of returning veterans and is likely to damage the regard of this group for insurance as an institution.

### G. I. Insurance Training Plan Told

DETROIT—The prospective insurance employer of a returned veteran should draw up four copies of a letter setting forth the training program in detail for the veteran and detailing the supervision the new man will receive while employed in an insurance or adjuster's office, W. O. Hildebrand, Lansing, secretary-manager of the Michigan Association of Insurance Agents and member of the governor's advisory committee on veterans' affairs, told the Detroit Association of Insurance Agents in a talk on the training-on-the-job features of the G. I. bill of rights.

The letter should also set forth the remuneration that the veteran will receive while employed there and the goal, employment-wise, that he is seeking in the agency or company. The amount of remuneration the veteran might expect to receive when he reaches that goal should also be included. Three copies of the letter should be sent to Mr. Hildebrand at state association headquarters, the writer retaining the fourth. The veteran himself should fill out form 1950 and send this to the Veterans Administration office in Dearborn.

brand at state association headquarters, the writer retaining the fourth. The veteran himself should fill out form 1950 and send this to the Veterans Administration office in Dearborn.

#### Temporary Licenses to Veterans

Temporary licenses for veterans will be issued by the insurance department at a cost of \$5. The same form of license application now commonly used for licenses for solicitors and agents, form 33-B is used. The Michigan association will provide any veteran with a book of questions and answers on veterans' problems without charge.

The right of a veteran to obtain benefits under the G. I. act is not dependent on whether he is a full-time or a part-time employee of the agency or office, it was pointed out.

H. A. Mosher, attorney for the Veterans Administration, who also talked on various aspects of the G. I. bill, said the training-on-the-job plan cannot be made retroactive but must start not earlier than the date on the Form 1950 made out by the veteran. Both Mr. Hildebrand and Mr. Mosher answered a number of questions concerning the veterans' welfare programs.

Secretary-Manager Elmer Salzman reported that the Detroit association's membership has more than doubled in the past year. He announced the adoption by the directors of a plan for members and their employees to participate in a group accident and sickness insurance program. It will be discussed in detail at a later meeting, probably in February.

### Pleuss Heads Wisconsin Mutual Company Federation

MILWAUKEE—Junias H. Pleuss, Manitowoc Mutual, was elected president of the Wisconsin Federation of Mutual Insurance Companies at the annual meeting here. Robert L. Jacobs, Citizens Mutual, Janesville, is vice-president, and Theo. R. Schmidt, Kewaskum Mutual, was renamed to his 22nd term as secretary-treasurer. Directors are Monroe Schwalbach, Germantown Mutual, retiring president; L. L. Sieker, American Mutual Fire, Milwaukee, and R. L. Jacobs, who succeeds to the unexpired term of his father, the late George A. Jacobs.

Theodore Stickle, Furniture Dealers Mutual, Milwaukee, and Mr. Pleuss were nominated to represent the mutuals on the management committee of the Fire Insurance Rating Bureau, August Fuge, West Bend Mutual, was chosen to represent the federation on the board of the Wisconsin Mutual Alliance.

Following a report on the series of October regional meetings for mutual agents in several key cities of the state, which was sponsored by the federation and 1752 Club of Wisconsin, it was decided to continue this plan, but hold the meetings in the spring and also resume the general convention for agents in Milwaukee in the fall.

#### Would Cut Minn. Fire Losses

ST. PAUL—A statewide plea to Minnesota citizens to increase their effort to prevent fires was broadcast this week by Commissioner Johnson, ex-officio fire marshal, and his deputy, Leonard C. Lund. They cited the increasing trend in fires both in cities and on the farms with 2,212 fires in Minnesota the first 10 months this year while in all of 1944 there were 2,267 fires with losses exceeding \$25.

The farm fire toll the first 10 months was \$649,918 against \$572,120 in 1944, an increase of 13%.

### A. W. Henry Honored at Luncheon in Cleveland

CLEVELAND—As a mark of appreciation and respect, members of the Insurance Board of Cleveland honored Arthur W. Henry, Sr., president of the Bingham & Douglass Co., at a special testimonial luncheon marking his 80th year and his 55th year in the insurance business.

Recognized as one of Cleveland's outstanding insurance veterans, Mr. Henry was acclaimed by a host of friends who gathered to do him honor. Fred B. Ayer, chairman of a special Insurance Board committee in charge of the event, presented him a sterling silver pitcher and paid tribute to his work. Mr. Henry has given freely of his time and talents to organization work and to the raising of standards in the insurance field. A long-time member of the Cleveland Board, he has served as chairman of important committees and as a trustee for many years.

Born and reared in Hamilton, Ont., he spent his early years in the railroad business, and entered insurance work here Jan. 1, 1890, as a clerk in the Bingham & Douglass agency, formed by L. W. Bingham and C. L. Douglass in 1870. In the early 1890's Charles B. Squire also was a partner.

When Mr. Bingham died in 1893, Mr. Squire organized his own agency and Mr. Douglass took over the principal interests of the Bingham & Douglass Co., with the aid of S. H. Hutchinson and Mr. Henry. On the death of Mr. Douglass and the retirement of Mr. Hutchinson, Arthur W. Henry, Sr., and his son, Harold J. Henry, purchased the business, and have carried it on ever since.

Mr. Henry made appropriate response to the testimonial award. There was much reminiscing about the old days and the great strides made in insurance.

#### Thompson May Remain Director

MINNEAPOLIS—When the executive committee of the Minnesota Association of Insurance Agents meets here Dec. 21 it is expected to request Richard A. Thompson to withdraw his resignation as state national director. Mr. Thompson resigned following his election as a member of the executive committee of the National association, feeling that it would not be proper for him to hold both positions. However, it has since developed that both the national executive committee and the state directors prefer that he remain as state director. So his resignation has not been accepted and it probably will be withdrawn at the Dec. 21 meeting.

#### Macke Heads Cats Meow

ST. LOUIS—F. George Macke, vice-president of Charles L. Crane agency, has been elected most wise and powerful meow of the St. Louis court of Cats Meow. He succeeds George R. Schoen, Fidelity & Deposit. Other officers are: Recorder of meows, Milford T. English; keeper of the catnip, Everett H. Callotte, Maryland Casualty; outside keeper, Lewis N. Beeson, broker; inside keeper, L. Gordon Davis, American-Associated companies.

#### Lanphar Welcomed Home

DETROIT—A surprise homecoming party was tendered Lt. Comm. M. F. Lanphar, president of the Lanphar Agency and of M. F. Lanphar & Co., by 75 members of the two organizations.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago.  
Dec. 17, 1945

|                      | Par.  | Div.   | Bid    | Asked  |
|----------------------|-------|--------|--------|--------|
| Aetna Cas. ....      | 10    | 2.50   | 89     | 92     |
| Aetna Fire ....      | 10    | 1.80*  | 54     | 56     |
| Aetna Life ....      | 10    | 1.50*  | 50     | 52     |
| Amer. Alliance ..    | 10    | 1.20*  | 23 1/2 | 25     |
| Amer. Cas. ....      | 10    | .60    | 12     | 13     |
| Amer. Equitable ..   | 5     | 1.00   | 24     | 25 1/2 |
| Amer. Home ....      | 10    | ...    | 12     | 13     |
| Amer. (N. J.) ...    | 2.50  | .60*   | 19 1/2 | 20 1/2 |
| Amer. Surety ....    | 25    | 2.50   | 71 1/2 | 73 1/2 |
| Balt. Amer. ....     | 2.50  | .30*   | 7      | 7 1/2  |
| Boston ....          | 100   | 21.00* | 735    | 760    |
| Camden Fire ....     | 5     | 1.00   | 23 1/2 | 25     |
| Contl. Cas. ....     | 10    | 2.00*  | 56     | 57 1/2 |
| Contl. N. Y. ....    | 2.50  | 2.00*  | 56     | 57     |
| Fidelity-Phen. ...   | 2.50  | 2.20*  | 61     | 62     |
| Fire Assn. ....      | 10    | 2.50*  | 64     | 66     |
| Firemen's (N.J.) ..  | 5     | .40    | 15     | 16     |
| Fireman's Fund ..    | 10    | 3.00   | 102    | 104    |
| Franklin Fire. ...   | 5     | 1.00   | 24     | 25 1/2 |
| Glens Falls ....     | 5     | 1.85*  | 52     | 54     |
| Globe & Repub. ...   | 5     | .50    | 11 1/2 | 12 1/2 |
| Gt. Amer. Fire. ...  | 5     | 1.20*  | 35     | 37     |
| Hanover Fire. ...    | 10    | 1.20*  | 31     | 32 1/2 |
| Harford Fire. ...    | 10    | 2.50*  | 112    | 114    |
| Home (N. Y.) ...     | 5     | 1.20   | 29 1/2 | 30 1/2 |
| Ins. Co. of N. A. .. | 10    | 3.00*  | 93     | 95     |
| Maryland Cas. ...    | 1     | ...    | 18     | 19     |
| Mass. Bonding. ...   | 12.50 | 3.50   | 90     | 94     |
| Natl. Cas. ....      | 10    | 1.25*  | 28     | 30     |
| Natl. Fire ....      | 10    | 2.00   | 57 1/2 | 59 1/2 |
| Natl. Liberty ....   | 2     | 3.30*  | 7      | 7 1/2  |
| Natl. Un. Fire. ...  | 20    | 5.00*  | 180    | 186    |
| New Amst. Cas. ...   | 2     | 1.00   | 35     | 37     |
| New Hamp. ....       | 10    | 1.80*  | 48     | 50     |
| North River ....     | 2.50  | 1.00   | 24     | 25 1/2 |
| Ohio Cas. ....       | 5     | .70    | 33     | 35     |
| Phoenix, Conn. ...   | 10    | 3.00*  | 91     | 93     |
| Preferred Accl. ...  | 5     | 1.00*  | 13 1/2 | 14 1/2 |
| Prov. Wash. ....     | 10    | 1.40*  | 38     | 40     |
| St. Paul F. & M. ... | 12.50 | 2.00*  | 76 1/2 | 78 1/2 |
| Security, Conn. ...  | 10    | 1.40   | 35     | 36 1/2 |
| Sprgfd. F. & M. ...  | 25    | 4.75*  | 120    | 123    |
| Standard Acc. ...    | 10    | 1.45   | 40     | 42     |
| Travelers ....       | 100   | 16.00  | 615    | 630    |
| U. S. F. & G. ....   | 10    | 1.50*  | 47     | 49     |
| U. S. Fire. ....     | 4     | 2.00   | 58     | 60     |

\*Includes extras.

The dinner also marked the successful conclusion of the companies' victory loan drive and the beginning of the agency's 22nd year.

Five other men recently returned from military service also were honored: L. J. Breault, Jr., Charles Phillips, Luman Slawson, Howard Allison and R. D. Sauer, as were four ex-servicemen who have recently joined the organization: Charles Barker, E. J. Eckert, Jr., J. L. Bowen and Clayton Dicks.

#### Kenosha Officers Relected

KENOSHA, WIS.—Officers of the Kenosha Association of Insurance Agents were relected at the annual session: Leslie J. Schlax, president; Henry McQuestion, vice-president; John Hogan, secretary-treasurer. The executive committee relected George W. Harrington chairman. The new Wisconsin safety responsibility law and other current topics were discussed at a round-table session.

#### Sons Join B. C. Hopkins

B. C. Hopkins, Des Moines local agent, has been joined in his agency by his two sons, B. W. and William V. Hopkins, both recently released from service.

B. W. Hopkins, formerly a field man in Indiana and Ohio, served 21 months in the army, while W. V. Hopkins, formerly associated with his father, was in the navy.

#### Wichita Agency's Party

At the Christmas party of the Dulane, Johnston & Priest agency of Wichita Frank T. Priest, senior member of the firm, who was confined to his home, threatened with the "flu," was absent for the first time. Lt. James Knorr and Lt. B. J. Weldon, firm members, are still in the navy.

Joining in the party as usual was the adjusting firm of Sheffer-Cunningham, whose offices adjoin, and agency field men, including C. J. Wintrol, Royal-Liverpool; W. F. Ehret, America Fore; E. P. Janousek, Security; George E. Freese and James M. Brown, St. Paul F. & M.;



E. Y. Dukes, secretary Central States Fire, and M. W. Whitelaw, manager Western Adjustment. Hughes Cunningham of Sheffer-Cunningham was Santa Claus.

### H. B. Fink Leaves Agency

H. Bernard Fink, partner in the Fink Brothers agency at Topeka and brother of Nesbit Fink, new secretary of the Kansas Association of Insurance Agents, has returned from service but has withdrawn from the agency to become sales manager of the Updegraff Buick Co., there. Nesbit Fink and his wife, who operated the agency during the absence of both brothers in the service, have changed its name to Fink Insurance Agency.

### Nelson Is Racine President

RACINE, WIS.—Sidney E. Nelson has been elected president of the Racine Insurance Board to succeed Sherman Blandin. Ray Eggert is vice-president, and Dewey Liegler was renamed secretary-treasurer. J. S. Rowland and Herbert Jorgenson were chosen directors for the city of Racine, and Marvin Schoeppe and W. K. Porter, Burlington, directors for Racine county.

### Change in Muskegon Agency

A. C. Devette has severed his connection with the DeVette-Burdick agency, Muskegon, Mich., effective Jan. 1. Harry C. Burdick becomes sole proprietor of the agency while Mr. Devette will continue his real estate business. He has been active in the insurance field for 22 years.

### NSLI Talk at South Bend

H. Ray Walker, local agent of South Bend, Ind., who represents Berkshire Life, addressed the South Bend-Mishawaka Association of Insurance Agents on "National Service Life Insurance."

### Changes in Sexton Agency

John H. Hauschild, for several years president of the Chas. W. Sexton Co. agency of Minneapolis, has become chairman of the board and George W. Harsh takes over the presidency.

### Kan. Executive Committee Meets

The executive committee of the Kansas Association of Insurance Agents is meeting in Wichita Dec. 20, and will be guests of the Wichita association at its annual Christmas party.

After 4½ years in the army, Elmer M. Beitz has returned to the Herb Beitz agency, Kokomo, Ind., operated by the brother.

O. V. Ashley, staff adjuster of Sheffer-Cunningham, Wichita, has returned to the office after two years with the army in the South Pacific, much of the time in Manila.

The Wichita Association of Insurance Agents heard an illustrated address on "What Does Kansas Need" by Otis Garth of the Kansas Industrial Development Foundation.

Howard N. Fullington, partner in Dulaney, Johnston & Priest, who recently returned to the agency after two years in the army, has been named chairman of the Wichita 1946 Red Cross campaign.

T/S Bob Hedges, associated with his father, Bert A. Hedges, who is also Kansas manager of Business Men's Assurance, in the operation of the Hedges Insurance Agency, has received his discharge from the army after 36 months in the Pacific, his last assignment being in Korea. Following a pleasure trip in the east visiting relatives, he will return to Wichita to take over the management of the fire agency.

The Hamilton puddle of the Ontario Blue Goose has been formed with membership of more than 30.

## IN THE SOUTHERN STATES

### Plan to Revamp Cover on State Buildings in Ark.

LITTLE ROCK—Holding that the present program of insuring state-owned property is "haphazard" with some properties going uninsured while insurance is being carried on buildings which have been torn down, Governor Laney states he is planning to appoint a committee of insurance men to work out a uniform insurance program. The announcement followed a conference with Commissioner McKenzie, W. E. Silliman, Camden, and Eric Rogers, Jonesboro, both former presidents of the Arkansas Association of Insurance Agents; M. R. Smith, state agent Firemen's group; M. M. Anderson, L. B. Leigh & Co.; R. C. Bird, Bird-Lange & Maris; Frank E. Wait, Shepherd & Co.; Ralph H. Baker, R. H. Baker & Co., and Carroll W. Johnston, Morrilton local agent and member of the Arkansas house.

### Patronage a Factor

Under the present system, a department or institution may carry as many as 15 or 20 policies with varying renewal dates, Governor Laney said. New administrations have cancelled and renewed policies on a patronage basis at heavy cost to the state and without determining whether adequate coverage is being obtained.

A survey of insurance carried by state institutions revealed that heavy insurance is carried on fireproof buildings of the Benton unit of the state hospital, while old buildings at the Little Rock unit are inadequately covered, the governor stated. It also was discovered that a policy was carried on a feed shed after it was torn down at the tuberculosis sanatorium at Booneville.

Governor Laney said it is hoped that a plan may be worked out whereby present policies can be cancelled on a pro-rata basis and reissued from a certain date at no additional cost to the state. Since some buildings are not insured this may not effect a saving, but will make certain that all state properties have adequate insurance coverage, the governor said.

The state comptroller's office reports that there is no record of the annual cost of insurance to the state since vouchers reach the office on the basis of varying renewal dates of policies which range from one to five years.

### Va. Agents Launch Program to Assist Servicemen

RICHMOND—To assist returning servicemen who desire to enter or re-enter insurance, the Virginia Association of Insurance Agents has arranged a plan whereby members of the association will be available at its headquarters in Richmond on the second and fourth Thursdays of each month for consultation and advice. They will advise veterans who previously held licenses and desire to pursue a refresher course, or assist any who wish to study the booklet of questions and answers prepared by the Virginia department for those wishing to take license examination. Veterans who held licenses for 1939 or thereafter can secure a certificate of qualification without taking the examination if application is made within two years after discharge.

In order that the service offered by the association may reach as many persons as possible, copies of a bulletin outlining the plan are being sent to non-member capital stock agents in Virginia and members of the Stock Fire Insurance Field Club of Virginia and the Casualty & Surety Underwriters Association of Virginia as well as to members of the Virginia Association.

### Changes Made in Basis Schedules in Arkansas

LITTLE ROCK—A number of changes to Arkansas general basis schedules were announced this week by Manager George D. Suter, Arkansas Fire Prevention Bureau, a number of which clarify and simplify instructions to agents and company men. For example, the instructions for computing builders' risk actual completed value premium have been set out more clearly and directions for figuring unearned premium insurance have been reworded and illustrated by formula and example.

Most significant rate change was the reduction from \$2.50 to \$1.75 of the charge for private barns and outbuildings with hay storage in excess of 15 tons. Previously, the charge was \$2.50 for hay storage of 15 to 50 tons with barns having over 50 tons, frame or ironclad, taking a \$.50 rate.

Manager Suter announced that the whisky market value clause has been deleted as it was applicable only to manufacturing risks of which there are only a few in Arkansas. The bureau will henceforth furnish copies of the revised clause on request.

### Seek to Clarify Finance Charges in Dallas

DALLAS—A proposed program of better automobile finance arrangements to be sponsored by the Dallas Better Business Bureau will be considered by a committee representing banks, finance companies and automobile dealers, H. L. Levy, the bureau's merchandise manager, has announced. The program is to clarify and control time-contract papers. The bureau recommends buyers be furnished a statement showing the carrying charges and the insurance premium and it also urges banks and finance companies not discount such paper unless the various items are separated. Financing agencies are also asked to advertise that they will give the public copies of their rate charts on request, and that such finance agencies file their rates with

the nearest better business bureau so that the buying public can check rates charged with the rates as filed.

### Sewell Back at Tallahassee

John T. Sewell, recently discharged from the navy, has reopened the independent adjusting office of John T. Sewell & Co., in the Lewis State Bank building, Tallahassee, to handle losses in northwest Florida and southwest Georgia. He went into the navy in October, 1943, and served at Camp Perry, Va., Minneapolis and Jacksonville. At the time of his discharge he was aviation storekeeper first class.

### Charlotte Exchange Elects

CHARLOTTE, N. C.—Reginald L. Price has been elected president of the Charlotte Insurance Exchange, succeeding Mrs. Kate R. Wilkinson. H. S. Strawn is vice-president and George P. Wadsworth, Jr., secretary.

### NEWS BRIEFS

W. S. Keese, Jr., of Trotter, Boyd & Keese has been elected a director of the Chattanooga Chamber of Commerce to represent insurance interests. Edward E. Brown, Penn Mutual Life, is president of the chamber.

George Speed of the Summers-Speed agency has been elected secretary-treasurer of the Johnson City (Tenn.) Community Chest. George Oldham, local agent, is president of the organization.

About 30 insurance men and women of Dallas attended the Dallas Insurance Women's Bosses' day luncheon. President Helen Webster of the Floyd West general agency introduced the guests at the head table: Walter Boston, most loyal gander, Blue Goose; T. R. Mansfield, Texas Fire & Casualty Association Executives; Will Keller, Palestine vice-president Texas Association of Insurance Agents; Hugh Gossett, Chas. Association; Ruth Freddie, Texas Federation of Insurance Women; Frank Duff, Association of Insurance General Agents, and Alphonso Ragland, Jr., Dallas Insurance Agents Association, who responded in behalf of the visiting officials.

The Christmas party of the Insurance Women's Club of Oklahoma City was held Dec. 12, with about 50 in attendance.

S. G. Otstot, executive secretary North Carolina Association of Insurance Agents, installed Miss Katherine Pittman as president of the Raleigh (N. C.) Association of Insurance Women; Miss Mary Branch vice-president, and Miss Ethel Lyon, secretary.

## PACIFIC COAST AND MOUNTAIN

### Pittsburgh Day Set for March 4

PITTSBURGH—Monday, March 4, has been designated as Pittsburgh Insurance Day by the Insurance Club of Pittsburgh. The general chairman will be Norbert H. Weidner, manager for Reliance Life. This announcement was made by the recently elected president of the club, Val E. Schott, assistant manager for Aetna Casualty.

The club's annual observance of Pittsburgh Insurance Day began in 1927. Since that time it has gained national recognition as a unique educational and social event.

The 1946 program is expected to feature an elaborate program including a luncheon, banquet and a group of seminars on fire, marine, casualty, surety and life subjects. Committees are developing detailed plans.

Mr. Weidner is a past president of Pittsburgh Life Underwriters Association, a director of the club and head of the membership committee of Pennsylvania Life Underwriters Association.

### Rejoins Associated Aviation

Lt. Col. William W. Walter, who was in the ATC since 1942 and helped to organize and operate both the ferrying division and military air transport, has returned to Associated Aviation Underwriters in the West Coast office.

### Analyze 1944 Record in Hawaii

The annual report of Commissioner Walter D. Ackerman, Jr., and Deputy Commissioner Howard H. Adams of Hawaii to the legislature has now reached the states.

Premium taxes paid as result of 1944 business were \$449,338, an increase of \$37,940 over 1943.

Below is shown the premiums and losses by lines:

|                      | Net Premium | Losses Paid |
|----------------------|-------------|-------------|
| Ex. Cov. ....        | \$ 126,987  | \$ 10,011   |
| Marine .....         | 1,735,122   | 137,826     |
| Fire .....           | 2,682,458   | 454,441     |
| Auto fire .....      | 225,526     | 68,463      |
| Auto misc. ....      | 1,134,355   | 231,920     |
| Accident & health .. | 356,007     | 84,840      |
| Burglary & theft ..  | 63,503      | 5,344       |
| Fidelity .....       | 157,377     | —1,325      |
| Surety .....         | 126,600     | —266        |
| Work. comp. ....     | 2,324,138   | 809,391     |
| Glass .....          | 14,752      | 6,262       |
| Liab. not auto ..... | 272,054     | 9,507       |
| Other (misc.) .....  | 90,937      | 12,151      |
| Other (fire) .....   | 383,000     | 121,161     |
| Inland nav. ....     | 123,955     | 16,251      |

Net premiums written through the five surplus line brokers total \$135,610.

### Hail Payments in Montana

E. K. Bowman, chairman of the Montana board of hail insurance, said \$146,000 in state warrants is being mailed to farmers who suffered losses of grain through hail damage this year, the last



installment of \$301,000 paid by the board for 1945 losses.

Bowman said the amount paid was the largest since 1918. Although the loss was only slightly above average, following a trend of several consecutive years, the large acreage insured—also the largest since 1918—accounted for the near-record payments.

Bowman said damage to grain crops by hail last summer was not as widespread as in many previous years, but was quite serious in several local areas.

Most of the losses paid were on wheat, but some loss also occurred in flax, other small grain and bean fields. Only a few losses still remain to be adjusted.

### Arapahoe Club Meets

SAN FRANCISCO—The Arapahoe Club, made up of former field men who made their headquarters in Denver before being transferred to the Pacific Coast, held its annual luncheon to talk over old times. William Deans of Deans & Homer, "big chief" since it was formed, presided. Harry L. Simpson, retired manager of Phoenix of Hartford, is secretary—a job he has also held since its beginning. Telegrams and letters from a number of eastern executives who once served in the Rocky Mountain field were read.

### Announce New Cal. Directors

New directors of the California Association of Insurance Agents announced by President Ira D. Wheeler of Santa Monica are: Don Thompson, Glendale; A. E. Shepperd, San Jose; Neil Greene, Sebastopol; George Dohrmann, Stockton and Sam Neel, Beverly Hills. Those who remain on the board for another year are Harold I. Callis, Santa Barbara; C. C. Evans, Fresno; John L. Kingsbury, Sacramento; William H. Menn, Los Angeles; George H. Murch, San Diego, and Myrl Ott, Long Beach.

### Confer with Company Committee

SEATTLE—The contact committee of the Washington Association of Insurance Agents has been invited to meet with the Washington Advisory Committee at San Francisco Jan. 22, it was announced this week. Local boards have been requested to advise Chairman Charles P. Carroll of Spokane regarding any rate and rule matters which would be discussed. Other members of the committee are A. J. Peters, Issaquah, and V. R. Lee, Chehalis.

### Gasser Seattle Nominee

SEATTLE—William Gasser, now vice-president, has been nominated for president of the King County Insurance Association, to succeed Edgar L. Smythe. The association holds its annual meeting Jan. 8.

Robert P. Cunningham is nominated for vice-president and Harold B. Myers of Alexander Myers & Co., for secretary-treasurer.

### Seattle Transit System Award

SEATTLE—The Seattle Transit System has awarded \$967,000 of fire insurance on its buses and trackless trolleys for a one-year term beginning Dec. 1. The published rate is .529. The schedule is divided as follows: Fidelity & Guaranty Fire, 30%; Hinchman, Rolph & Landis, 30%; Fidelity-Phenix, 25%; Seeley & Co., 15%.

LaBow, Haynes Co. will service the account for the King County Insurance Association.

### Robinson with L. A. Agency

F. R. Robinson, agency superintendent of Northern of N. Y. in Los Angeles, has resigned and has joined the Hearst J. Ross & Co. agency there.

### Valente with Curry Office

Roy A. Valente, who joined National Union 22 years ago as an office boy and later became manager of the city department of New Zealand in San Francisco, has joined the Charles E. Curry

office which represents National Union, Boston, Providence Washington, Anchor and Old Colony, as metropolitan special agent in San Francisco.

### Tacoma Wants Wash. Convention

The Pierce County Association of Insurance Agents has launched a campaign to land the first postwar convention of the Washington Association of Insurance Agents, scheduled for next August, for Tacoma.

The convention city and dates will be determined by the state association executive committee at its annual meeting in April.

### Start Seattle N. A. I. A. Course

Enrollment for the N.A.I.A. educational course sponsored by the Seattle Blanket Club got under way this week. The first course, starting Jan. 15, will cover automobile material damage and liability.

All insurance men, especially younger men and war veterans, have been invited to enroll.

### Rosendahl Co. Appointments

Ralph B. Rogers has been named city manager of the fire department of the Ray Rosendahl Co. general agency in San Francisco. He was formerly superintendent of the city department of New Zealand there.

The Rosendahl agency also has appointed Ray S. Shaw of Los Angeles manager of its casualty department there.

### White Northern Cal. Special

Lee H. White, formerly southern California special agent for the L. R. Eby Co. general agency, has been appointed special agent in northern California. He has been with the air transport command in India, China and Burma.

### Denver Agents Elect Officers

The Denver Association of Insurance Agents at the annual meeting elected these officers: President, L. Allen Beck; vice-president, Howard Hutson; secretary, Walker A. Garrott; treasurer, William D. Sanborn.

S. R. Waugh, for 11 years special agent of the National Board arson department in Salt Lake City, has been transferred to Los Angeles.

H. O. Price, special agent for Gould & Gould, Seattle, has returned to his old post after being released by the army.

Richard Miller, son of Vincent D. Miller of Seattle, has been released by the navy after several years of combat duty in the Pacific, and has joined his father's firm as assistant manager of the insurance department.

The Insurance Women of Los Angeles, having completed the automobile insurance study course, will take up fire insurance starting Jan. 7.

The Insurance Women of Denver held its annual Christmas party Dec. 17 with a dinner. Children, nieces and nephews of members were guests and there was a Santa Claus with presents for the children. Lois Collins, president, presided.

The Christmas dinner party of the Seattle Insurance Women was held Dec. 18.

## EAST

### Davis Made Washington Manager for Hartford

R. K. Davis, Jr., has been appointed manager of the Washington branch office of Hartford Fire and associate manager of Hartford Accident in the Washington office.

Mr. Davis has been associated with Hartford since 1933. He first served in the home office underwriting departments. Later he was transferred to the Washington branch office of Hartford

Accident. He has been acting manager of that office during the absence of T. R. Barker, who has now returned to his former position after extensive military service.

As manager of Hartford Fire in Washington, Mr. Davis succeeds William H. Rusher, who has been assigned new duties in the Brooklyn office.

### Stinson Heads Mass. Brokers

BOSTON—James E. Stinson, president of Stark, Johnson & Stinson, Boston and Worcester brokers, was re-elected president of the Insurance Brokers Association of Massachusetts at its annual meeting. Vice-presidents are Frederic C. Church, Boit, Dalton & Church; Ernest B. Neal, Marsh & McLennan, Everett S. Litchfield, Roland MacDonald, all of Boston, and Harvey R. Preston, Springfield; secretary-treasurer, Chester A. Welt, Boston.

The Syracuse (N. Y.) Insurance Women's Association filled stockings with gifts for patients in the Rhoades military hospital in Utica. Miss Georgia Petrie was chairman of the committee in charge of the project. The annual Christmas party was held Dec. 19.

## MARINE

### Insurer Wins Decision on I. C. C. Rider

Granite State Fire won a directed verdict in city court of New York county, thus being absolved of liability under an I.C.C. endorsement to a cargo policy. This is one of a very few decisions involving these endorsements and the case attracted attention because of some severe jolts that the insurers have suffered because of liability that accumulated under these endorsements, without notice to the insurer, prior to the time that a trucker went out of business. The instant case is Schnitkin vs. Granite State. Here, the right of the trucker to engage in interstate commerce had been suspended prior to the loss by Interstate Commerce Commission.

Granite State was the insurer of M. & A. Trucking Co. A load of furniture being delivered to the home on Riverside drive of Gustave Schnitkin was destroyed by fire. Granite State was never notified of the loss.

Schnitkin had a transit policy with Home and received settlement from that company via a loan receipt. Suit was brought against M. & A. Trucking Co. and judgment recovered on default when the carrier went out of business. Granite State never received notice of the pending suit and knew nothing about the judgment recovered against its own assured.

Several years later an action was brought in the name of Schnitkin against Granite State under the New York insurance law as well as under the I.C.C. endorsement. Granite State contended there was no liability under the New York insurance law because the carrier had failed to give notice of loss, failed to advise the insurer of the lawsuit brought against it and failed to file proof of loss.

As to the I.C.C. endorsement, Granite State found that the Interstate Commerce Commission had, prior to the date of the loss, suspended the rights of M. & A. Trucking Co. to operate in interstate commerce. Accordingly Granite State contended that the I.C.C. endorsement was inoperative at the time of loss, and that since this was a purely local shipment undertaken by the carrier, the I.C.C. endorsement was not applicable.

The court directed the jury to return a verdict in favor of Granite State on all the issues.

### W. L. Nicholson Back with McGee

William L. Nicholson has rejoined the staff of Wm. H. McGee & Co.,

after 3½ years as an officer in the navy. Half of this time was spent on duty in the European theater and the balance in the South Pacific. He retired with the rank of lieutenant commander. For the time being, Mr. Nicholson will be attached to the home office in New York, following which he will resume work in the field.

Mr. Nicholson was a member of the McGee organization for eight years prior to joining the navy. He was attached to the Chicago office for several years, following which he was in charge of the service office then maintained in Detroit. He was covering Michigan and Ohio from New York at the time of his enlistment.

### Reject Radcliffe Amendment

WASHINGTON—A possible market for American marine insurance was blocked, according to government officials, as a result of Senate rejection, by a vote of 36 to 28, of an amendment of Senator Radcliffe, Maryland, to the ship disposal bill. The amendment would have authorized the chartering by the maritime commission of government-owned ships to the allies during peacetime.

It is understood that, on the assumption that such chartering might be authorized, there has been discussion in maritime commission circles of a plan to require such peacetime chartered ships to be insured on the American market. This plan is off unless Senate action is reversed. About 650 war-built ships are involved.

Some maritime officials are understood to have opposed proposals to charter ships to foreign governments, on the theory that America would be "cutting her own throat," as such ships would be used by the allies to compete with the American merchant marine.

During the war, it is understood, some 200 or 300 ships, more or less, were chartered to foreign government under lend-lease arrangements. Radcliffe told the Senate the State Department wanted authority to be given to continue similar chartering in peacetime. It is understood this was to be for bargaining purposes. He indicated there are more than 4000 American ships available, or half the total world tonnage and three times what America will need in peace operations.

## CANADIAN

### Reilly Niagara President

Hugh Reilly, Welland, Ont., has been elected president of the Niagara District Insurance Agents' Association. Vice-president is John O'Flynn, St. Catharines, and secretary, F. E. Coyne, Welland.

### Halifax Names Freeman

L. R. Freeman has been appointed claims manager of Halifax. He formerly was associated with Zurich as claims manager; and was one of the founders of the Ontario Insurance Adjusters Association.

### Hughes to Ontario Department

Roy B. Whitehead, Ontario superintendent of insurance, has appointed Elwood H. Hughes inspector in the agency branch. Prior to four years service with the Canadian air force, he was with Norwich Union.

### Want Government Men Licensed

It is understood that the superintendents of insurance of the provinces of Alberta and Saskatchewan shortly will insist upon the licensing of agents affiliated with the government insurance offices of both provinces. It is felt that to permit them to operate without licenses is not fair to agents representing the regular companies who have to pay for licenses annually.

## Dineen Condemns Seeking Legislative Advantages

(CONTINUED FROM PAGE 5)

business recognize that advance action was feasible by incorporating such provisions in the so-called model bills.

Advance approval or disapproval has been followed for years by many states on workmen's compensation insurance. To recommend legislation abandoning that principle in a field of social insurance would be a backward step.

### Embarrassing to Commissioner

Disapproval of a rate subsequent to its effective date and after the agents have been supplied with manuals works a hardship on the producers and causes embarrassment to the commissioner. The question will be asked as to why the commissioner didn't disapprove it before it took effect.

Legislation should encourage the commissioner to act expeditiously. Such an element is absent when a rate may take effect if the commissioner does nothing.

Because of the responsibilities which it places upon the commissioner, legislation of this type puts the commissioner in a position to ask the legislature for

enough money to supply the proper personnel.

Most rate filings simply vary existing filings and if the commissioner has examined the existing filings he has to some extent examined in advance the new filings.

Companies that find it necessary to meet with each other and review all factors before making a rate are not in a good position to complain if the law requires the one additional step of submission of the product of their joint efforts to the commissioner before it takes effect. Advance action comes nearest to the affirmative, effective action on rate filings which all should be seeking, he said. Opponents of advance approval charge that it would impede development of new and broader forms of cover. Such fears are unfounded, Mr. Dineen declared, as witness the experience in workmen's compensation where advance approval is the rule.

### Brings on Apathy

Filing subject to subsequent disapproval, according to Mr. Dineen, tends to encourage inaction on the part of the commissioner and places a premium on apathy. If it should develop even on a limited scale that the effect of such laws was to permit the use of inadequate rates or to throw a mantle of legal protection over high, artificial and unreasonable prices, the effect on state regulation might be disastrous. A rating law

must be more than a legal umbrella for those operating under it. It must serve companies and public alike.

Citing the ill-fated rating legislation that was enacted in Arizona last March, Mr. Dineen said he fails to understand the process of reasoning by which segments of the insurance business—confronted with a virtual ultimatum of Congress which is still disposed to be friendly to the entire business—sponsor legislative measures in which the public interest is either ignored or relegated to a secondary position. The passage of the Arizona measures was a mistake and came at a bad time, he declared. These bills, he pointed out, were subsequently repealed at a special session of the Arizona legislature.

Mr. Dineen indicated a belief that the Arizona casualty bill was a proper law whereas the fire insurance legislation represented an effort on the part of certain elements in the business to gain an unfair advantage. For instance the fire law did not contain a provision for deviation. Thus an efficiently operated fire company was prevented by law from passing on a saving to the public in advance.

### No Appeal to Commissioner

Also in the fire bill every company was required to belong to a rating bureau and no relief was made available by way of an appeal to the commissioner from a member of the bureau. State regulation, to be effective and to pass muster with Congress and the Department of Justice must be effective and that means the rating bureaus maintained by the states must be staffed with men of technical training and experience. The men on both sides must be of comparable competency. In passing rate regulatory laws the state legislatures must be prepared to increase insurance department budgets. It will be difficult for the departments to find rating experts during the transition period. Mr. Dineen suggested that the universities undertake to train men for these jobs.

He suggested that some of the smaller states at first might make deals to use the rating bureaus of well equipped states. He pointed out that more than 20 years ago Delaware used the rating expert of Pennsylvania to pass on the propriety of compensation rates in Delaware. Also he said there is need for improvement at the commissioner level. There is too much turnover, the salaries in some states are inadequate and these facts militate against continuity of policy which is a prime requirement where regulation of rates is undertaken.

## New Sprinkler Leakage Policy

(CONTINUED FROM PAGE 4)

clause were not felt to be necessary since only one peril is insured under the leakage policy.

7. In addition to the foregoing changes, clauses appearing in the old policy and entitled "fall of building," "ownership, etc.," have been eliminated so as to make the policy consistent with the fire policy.

The revisions in the property damage form are not far reaching. In the building item the words "(except the 'automatic sprinkler system(s)') have been added for clarification.

In the contents item the words "prior to a loss" have been omitted following the words "labor performed thereon." This was done because the committee felt the words to be unnecessary since the coverage of charges for labor performed clearly implies the words "prior to a loss" by use of the past tense.

A new item has been inserted covering personal property of employees. This was done primarily for the convenience of underwriters since in many instances the coverage is desired by assured. Some insured had attempted to include this

at the building rate, which is lower than the contents rate.

The alterations and repairs clause no longer appears in the form because the policy conditions have been revised to include this coverage.

An automatic reinstatement of loss clause has been added following current fire practice.

Such changes that have been made in addition to the foregoing are purely of an editorial nature serving either to clarify certain phrases or to place clauses or phrases in more logical sequence.

There have been minor changes made in the liability imposed by law form that are almost entirely of an editorial nature. That portion of the form voiding certain conditions of the basic policy has been revised in accordance with new policy conditions and has been placed near the beginning of the form instead of the end.

Old form policies will not be approved for insurance written on or after March 15. For old form policies in effect prior to that date a "liberalization clause" may be used which gives the insured the right to elect to make claim in the event of loss occurring after noon March 15, as if the policy had been canceled and rewritten under the new form, provided that the same election is made with respect to all other sprinkler leakage policies involved in the same claim and that the same election shall apply thereafter to all such policies.

## Recommends Unification of Farm Bureau Companies

That independent state life, fire and casualty companies of the American Farm Bureau Federation should organize on a nation-wide horizontal basis was discussed at the insurance conference of the Farm Bureau Federation in Chicago this week.

Leading proponent of large scale company organization is Mississippi, which is agitating for a company to include all the southern states under the proposed title of Southern Farm Bureau Life. Plans have not passed the discussion stage, no definite proposals having been made and it is also anticipated that there will be some opposition from companies such as the Ohio Farm Bureau, which operates in several states already.

Donald Kirkpatrick, general counsel of the federation, mentioned that such unification might lead to better organization and more simple operation under any problems arising from public law 15. He asserted that if the companies group in a pool as a corporate entity they could gain a dominant influence in relations with the public and in state and federal legislation. At least they should establish a national office and hold annual conferences, he commented.

Three states, Oklahoma, Missouri and North Dakota, are planning to enter the casualty field with Farm Bureau companies. In addition, Alabama and Indiana are organizing fire companies under the auspices of the Farm Bureau.

The addition of the three casualty companies will increase Farm Bureau activities to 11 states in that line and with the two fire, Farm Bureau companies will operate in five states.

The furthest advanced in preparation is Indiana, which has incorporated and awaits only the sale of its required 200 charter policies. It is anticipated that the Indiana company will open for business early in 1946.

Within the next few years it is expected that Colorado also will enter the casualty field. Kansas is now selling policies in that state under an agreement whereby when there is sufficient business there it can be turned over to a Colorado company. This is the same system under which the Kentucky company was organized with the aid of Indiana.

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